

**JACKSON TOWNSHIP
VINTON COUNTY
Regular Audit
December 31, 2007 and 2006**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Jackson Township
30167 Garret Ridge Road
McArthur, Ohio 45651

We have reviewed the *Independent Accountants' Report* of Jackson Township, Vinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Jackson Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 12, 2008

This Page is Intentionally Left Blank.

**JACKSON TOWNSHIP
VINTON COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Independent Accountants' Report | 1 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007 | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006 | 4 |
| Notes to the Financial Statements | 5 |
| Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 11 |
| Schedule of Findings | 13 |

This Page is Intentionally Left Blank.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

April 18, 2008

Jackson Township
Vinton County
30167 Garret Ridge Rd
McArthur, OH 45651

To the Board of Trustees:

We have audited the accompanying financial statements of **Jackson Township, Vinton County, Ohio**, (the Township) as of and for the years ended December 31, 2007 and 2006. 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. 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 years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present it's larger (i.e. major) funds separately. 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 the 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 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, 2007 and 2006 or their 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 of Jackson Township, Vinton County, as of December 31, 2007 and 2006, 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 years ended December 31, 2007 and 2006. 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 April 18, 2008, 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.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**JACKSON TOWNSHIP
VINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Permanent</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$ 27,821 | \$ 13,710 | \$ - | \$ 41,531 |
| Intergovernmental | 10,521 | 103,279 | - | 113,800 |
| Earnings on Investments | 295 | 185 | 285 | 765 |
| Miscellaneous | 90 | 110 | - | 200 |
| | <u>38,727</u> | <u>117,284</u> | <u>285</u> | <u>156,296</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 32,235 | - | - | 32,235 |
| Public Safety | - | 9,556 | - | 9,556 |
| Public Works | - | 95,004 | - | 95,004 |
| Health | - | 5,924 | - | 5,924 |
| Debt Service: | | | | |
| Redemption of Principal | - | 2,250 | - | 2,250 |
| Interest and Fiscal Charges | - | 590 | - | 590 |
| Capital Outlay | - | 50,040 | - | 50,040 |
| | <u>32,235</u> | <u>163,364</u> | <u>-</u> | <u>195,599</u> |
| Total Cash Disbursements | <u>32,235</u> | <u>163,364</u> | <u>-</u> | <u>195,599</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>6,492</u> | <u>(46,080)</u> | <u>285</u> | <u>(39,303)</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Note Proceeds | - | 25,040 | - | 25,040 |
| Transfers-In | - | 3,951 | - | 3,951 |
| Transfers-Out | (3,951) | - | - | (3,951) |
| | <u>(3,951)</u> | <u>28,991</u> | <u>-</u> | <u>25,040</u> |
| Total Other Financing Receipts/(Disbursements) | <u>(3,951)</u> | <u>28,991</u> | <u>-</u> | <u>25,040</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 2,541 | (17,089) | 285 | (14,263) |
| Fund Cash Balances, January 1 | <u>65,519</u> | <u>47,478</u> | <u>12,078</u> | <u>125,075</u> |
| Fund Cash Balances, December 31 | <u>\$ 68,060</u> | <u>\$ 30,389</u> | <u>\$ 12,363</u> | <u>\$ 110,812</u> |

The notes to the financial statements are an integral part of the financial statements

**JACKSON TOWNSHIP
VINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Permanent</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$ 24,197 | \$ 13,223 | \$ - | \$ 37,420 |
| Intergovernmental | 10,202 | 100,791 | - | 110,993 |
| Earnings on Investments | 341 | 161 | 244 | 746 |
| Miscellaneous | 38 | 1,220 | - | 1,258 |
| | <u>34,778</u> | <u>115,395</u> | <u>244</u> | <u>150,417</u> |
| Total Cash Receipts | | | | |
| | <u>34,778</u> | <u>115,395</u> | <u>244</u> | <u>150,417</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 32,635 | - | - | 32,635 |
| Public Safety | - | 4,723 | - | 4,723 |
| Public Works | - | 84,322 | - | 84,322 |
| Health | - | 5,807 | - | 5,807 |
| | <u>32,635</u> | <u>94,852</u> | <u>-</u> | <u>127,487</u> |
| Total Cash Disbursements | | | | |
| | <u>32,635</u> | <u>94,852</u> | <u>-</u> | <u>127,487</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>2,143</u> | <u>20,543</u> | <u>244</u> | <u>22,930</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | - | 1,727 | - | 1,727 |
| Transfers-Out | (1,727) | - | - | (1,727) |
| | <u>(1,727)</u> | <u>1,727</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Receipts/(Disbursements) | | | | |
| | <u>(1,727)</u> | <u>1,727</u> | <u>-</u> | <u>-</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 416 | 22,270 | 244 | 22,930 |
| Fund Cash Balances, January 1 (RESTATED SEE NOTE 2) | <u>65,103</u> | <u>25,208</u> | <u>11,834</u> | <u>102,145</u> |
| Fund Cash Balances, December 31 | <u>\$ 65,519</u> | <u>\$ 47,478</u> | <u>\$ 12,078</u> | <u>\$ 125,075</u> |

The notes to the financial statements are an integral part of the financial statements

**JACKSON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jackson Township, Vinton 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 maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of McArthur to provide fire 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. Cash and Investments

The Township Clerk invests all available funds of the Township in an interest-bearing checking account.

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 that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

**JACKSON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Motor Vehicle License Tax Fund - This fund receives license tax money for maintaining and repairing Township roads. .

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

3. Permanent Fund (Trust Funds)

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Fund:

Mount Olive Cemetery Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. The earnings are used for the general maintenance and upkeep of the Township's cemetery.

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, function, and 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

A summary of 2007 and 2006 budgetary activity appears in Note 4.

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.

**JACKSON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. RESTATEMENT OF BEGINNING FUND BALANCES

The Township had a Trust Fund in the prior audit included in the Special Revenue Funds that should have been reflected as a Permanent Fund. A fund balance adjustment was made to the ending fund balances as of 12/31/05 to the Special Revenue Fund to separate the cemetery trust fund:

| | <u>Special Revenue Fund</u> | <u>Permanent Fund</u> |
|--|-----------------------------|-----------------------|
| Balance as of December 31, 2005 | \$ 37,042 | \$ - |
| Adjustment for Permanent Fund (Trust Fund) | (11,834) | 11,834 |
| Adjusted Fund Balance | <u>\$ 25,208</u> | <u>\$ 11,834</u> |

3. EQUITY IN POOLED CASH

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

| | <u>2007</u> | <u>2006</u> |
|-----------------|-------------|-------------|
| Demand deposits | \$ 110,812 | \$ 125,075 |

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

| <u>2007 Budgeted vs. Actual Receipts</u> | | | |
|--|--------------------------|------------------------|------------------|
| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
| General | \$ 30,501 | \$ 38,727 | \$ 8,226 |
| Special Revenue | 115,761 | 146,275 | 30,514 |
| Permanent Fund | 285 | 285 | - |
| Total | <u>\$ 146,547</u> | <u>\$ 185,287</u> | <u>\$ 38,740</u> |

| <u>2007 Budgeted vs. Actual Budgetary Basis Expenditures</u> | | | |
|--|--------------------------------|-------------------------------|------------------|
| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
| General | \$ 45,000 | \$ 36,186 | \$ 8,814 |
| Special Revenue | 217,600 | 163,364 | 54,236 |
| Total | <u>\$ 262,600</u> | <u>\$ 199,550</u> | <u>\$ 63,050</u> |

**JACKSON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2006 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|------------------|
| General | \$ 5,661 | \$ 34,778 | \$ 29,117 |
| Special Revenue | 75,402 | 117,121 | 41,719 |
| Permanent | 244 | 244 | - |
| Total | <u>\$ 167,863</u> | <u>\$ 210,886</u> | <u>\$ 70,836</u> |

2006 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-----------------|
| General | \$70,765 | \$34,362 | \$36,403 |
| Special Revenue | 100,289 | 94,852 | 5,437 |
| Total | <u>\$171,054</u> | <u>\$129,214</u> | <u>\$41,840</u> |

Contrary to ORC 5705.41(B) actual disbursements exceeded appropriations in the Gasoline Tax Fund in 2006.

Contrary to ORC 5705.39 appropriations exceeded the estimated resources in the Gasoline Tax Fund in 2007.

Contrary to ORC 5705.36(A)(3) total actual disbursements for the year exceeded estimated resources in the Gasoline Tax fund in 2007 and 2006.

5. DEBT

Debt outstanding at December 31, 2007 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|-----------------|------------------|----------------------|
| Promissory Note | \$ 22,790 | 4.75 % |

A promissory note was issued in 2007 in the amount of \$25,040 to finance the purchase of a truck. This note is collateralized solely by the truck. The Township makes semi-annual payments of \$2,839 on the note.

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

**JACKSON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

5. DEBT(Continued)

| Year ending December 31: | Truck Note |
|-----------------------------|------------------|
| 2008 | \$ 5,678 |
| 2009 | 5,678 |
| 2010 | 5,678 |
| 2011 | 5,678 |
| 2012 | <u>2,839</u> |
| Total | <u>\$ 25,551</u> |

6. 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.

7. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement 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 2007 and 2006, members of PERS contributed 9.5% (2007) and 9% (2006) of their gross salaries. The Township contributed an amount equal to 13.85% (2007) and 13.7% (2006) of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**JACKSON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

8. RISK MANAGEMENT

Risk Pool Membership

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles and
- Errors and Omissions

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

April 18, 2008

Jackson Township
Vinton County
30167 Garret Ridge Rd
McArthur, OH 45651

To the Board of Trustees:

We have audited the financial statements of **Jackson Township, Vinton County, Ohio** (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 18, 2008, 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 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-003 and 2007-005.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

In a separate letter to the Township's management dated April 18, 2008 we reported other matters related to internal control we deemed immaterial.

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 that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2007-001 through 2007-004.

In a separate letter to the Township's management dated April 18, 2008, we reported one matter related to noncompliance we deemed immaterial.

This report is intended solely for the information and use of Township management and Board of Trustees and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**JACKSON TOWNSHIP
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Significant Deficiency/ Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in the Gasoline Tax Fund in 2006.

We recommend the Township Clerk modify appropriations with the Board of Trustees and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Township Clerk should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2007-002

Significant Deficiency/ Noncompliance Citation

Ohio Rev. Code § 5705.39 provides that the total appropriations from each fund shall not exceed the total estimated revenue. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The appropriations exceeded total estimated revenue during 2006 and 2007 in the Gasoline Tax Fund.

The Township should obtain a certificate from the County Auditor stating that the total appropriations do not exceed the total estimated resources whenever an amendment is made to the original appropriation measure.

Management's Response – We did not receive a response from officials to this finding.

**JACKSON TOWNSHIP
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-003

Significant Deficiency/ Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(3) allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of deficiency will reduce available resources below the current level of appropriation.

During 2007 and 2006, the budget variance for the Gasoline Tax Fund was unfavorable by \$31,416, and \$3,143. In 2007, the Township increased appropriations above estimated resources and expended more than the certified amount, the unfavorable revenue variance would reduce the amount that could be appropriated in the respective fund. In 2006, the Township expended excess revenue that exceeded approved appropriations.

The Township should perform a comparison of the estimated resources and the actual receipts periodically in order to determine whether an amended certificate of estimated resources needs to be obtained.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2007-004

Noncompliance Citation

Ohio Revised Code § 505.262(A) states the board of township trustees of any township, by unanimous vote, may adopt a resolution allowing the township to contract for the purchase of equipment, buildings, and sites, or for the construction of buildings, for any lawful township purpose. The board may issue, by resolution adopted by unanimous vote, securities of the township to finance purchases and construction made pursuant to this division. The securities shall be signed by the board and attested by the signature of the township fiscal officer, and the maximum maturity of those securities is subject to the limitation in section 133.20 of the Revised Code. The securities shall bear interest not to exceed the rate determine as provided in section 9.95 of the Revised Code and shall not be subject to Chapter 133 of the Revised Code. The resolution authorizing the issuance of the securities shall provide for levying and collecting annually by taxation, amounts sufficient to pay the interest on and principal of the securities. The securities may contain a clause permitting prepayments at the option of the board. Securities shall be offered for sale on the open market or given to the vendor or contractor if no sale is made.

**JACKSON TOWNSHIP
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-004(Continued)

Noncompliance Citation (Ohio Revised Code § 505.262(A) (Continued))

Ohio Revised Code § 505.262(B) states that no purchase or construction pursuant to division (A) of this section shall be undertaken unless the county auditor certifies that, if the purchase or construction is undertaken, the debt service charge for the purchase or construction in the first year, together with the debt service charge for that same year for any other purchase or construction already undertaken pursuant to division (A) of this section, does not exceed one-tenth of the township's total revenue from all sources. If the county auditor so certifies, in every year of the debt after the first year, the county budget commission shall include a debt charge in the township's annual tax budget submitted pursuant to section 5705.01 to 5704.47 of the Revised Code sufficient to meet the annual debt incurred pursuant to division (A) of this section, if the debt charge is omitted from the budget.

Ohio Attorney General Opinion 96-048 states that a board of township trustees is not authorized to grant a lender or vendor a security interest in property purchased and financed by the board in accordance with the terms of R.C. 505.262(A).

On June 5, 2006, the Township entered into a \$25,040.00 promissory note with The Vinton County National Bank for the purchase of a one-ton truck for snow removal. The promissory note is secured by the following collateral a 2006 chevrolet truck and snow plow. Although the Township passed a resolution on December 30, 2006 authorizing the loan the Township did not perform the following for the debt agreement:

- 1) The resolution did not include the statement that the issuance of the securities shall provide for levying and collecting annually by taxation, amounts sufficient to pay the interest on and principal of the securities.
- 2) Obtain certification from the county auditor that, if the purchase or construction is undertaken, the debt service charge for the purchase or construction in the first year, together with the debt service charge for that same year for any other purchase or construction already undertaken pursuant to division (A) of this section, does not exceed one-tenth of the township's total revenue from all sources.
- 3) Since no certification was received from the county auditor, the county budget commission did not include a debt charge in the township's annual tax budget submitted pursuant to section 5705.01 to 5704.47 of the Revised Code sufficient to meet the annual debt incurred pursuant to division (A) of this section, if the debt charge is omitted from the budget.

We recommend the Township consult with their legal counsel on how to correct these debt agreements and consult with their legal counsel or hire bond counsel before entering into any future debt agreements

**JACKSON TOWNSHIP
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

| |
|---|
| <p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p> |
|---|

FINDING NUMBER 2007-005

Significant Deficiency

Posting Revenues and Expenditures - Debt

Receipts and Expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2007, the receipt of a loan and the expenditure for the purchase of the equipment were not posted to the Township's accounting system. Also, the down payment was posted as Public Works instead of Capital Outlay. This resulted in a reclassification and an adjusting entry being made to the financial statements.

We recommend the Clerk refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.



Mary Taylor, CPA
Auditor of State

JACKSON TOWNSHIP

VINTON 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 22, 2008**