



**Auditor of State
Betty Montgomery**

JACKSON TOWNSHIP
MONROE COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
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, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings.....	16

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Jackson Township
Monroe County
34273 State Route 7
Sardis, Ohio 43946

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Monroe 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.

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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

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 of Jackson Township, Monroe 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 August 9, 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.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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

August 9, 2004

**JACKSON TOWNSHIP
MONROE 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$10,235	\$	\$	\$10,235
Intergovernmental	9,213	85,161	16,822	111,196
Earnings on Investments	196	372		568
Other Revenue	22			22
	<u>19,666</u>	<u>85,533</u>	<u>16,822</u>	<u>122,021</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	13,904			13,904
Public Safety	1,000			1,000
Public Works		67,379		67,379
Health	2,344	2,799		5,143
Capital Outlay		19,926	16,822	36,748
	<u>17,248</u>	<u>90,104</u>	<u>16,822</u>	<u>124,174</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,418</u>	<u>(4,571)</u>	<u>0</u>	<u>(2,153)</u>
Other Financing Receipts:				
Other Sources		111		111
	<u>0</u>	<u>111</u>	<u>0</u>	<u>111</u>
Total Other Financing Receipts				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>2,418</u>	<u>(4,460)</u>	<u>0</u>	<u>(2,042)</u>
Fund Cash Balances, January 1	<u>50,474</u>	<u>127,132</u>	<u>0</u>	<u>177,606</u>
Fund Cash Balances, December 31	<u><u>\$52,892</u></u>	<u><u>\$122,672</u></u>	<u><u>\$0</u></u>	<u><u>\$175,564</u></u>

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

**JACKSON TOWNSHIP
MONROE COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$9,611	\$	\$9,611
Intergovernmental	10,278	60,337	70,615
Earnings on Investments	67	487	554
Other Revenue		225	225
	<u>19,956</u>	<u>61,049</u>	<u>81,005</u>
Cash Disbursements:			
Current:			
General Government	14,689		14,689
Public Safety	1,000		1,000
Public Works	2,301	58,230	60,531
Health	2,013	1,857	3,870
	<u>20,003</u>	<u>60,087</u>	<u>80,090</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(47)</u>	<u>962</u>	<u>915</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	29,685		29,685
Transfers-Out		(29,685)	(29,685)
Other Sources	79	356	435
	<u>29,764</u>	<u>(29,329)</u>	<u>435</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	29,717	(28,367)	1,350
Fund Cash Balances, January 1	<u>20,757</u>	<u>155,499</u>	<u>176,256</u>
Fund Cash Balances, December 31	<u>\$50,474</u>	<u>\$127,132</u>	<u>\$177,606</u>

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

**JACKSON TOWNSHIP
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jackson Township, Monroe 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 cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Antioch and Sardis Volunteer Fire Departments to provide fire and 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 Funds:

Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

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

**JACKSON TOWNSHIP
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Federal Emergency Management Agency (FEMA) Fund – The Township received money from the Federal and State Emergency Management Agencies to provide flood damage relief.

3. 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 Projects Fund:

Issue II Fund – The Township received proceeds of an Ohio Public Works Commission grant which was used for a culvert project.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

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.

**JACKSON TOWNSHIP
MONROE COUNTY**

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

2. EQUITY IN POOLED CASH

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

	2003	2002
Demand deposits	\$175,564	\$177,606

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

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	\$18,230	\$19,666	\$1,436
Special Revenue	73,442	85,644	12,202
Capital Projects	16,822	16,822	0
Total	\$108,494	\$122,132	\$13,638

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,442	\$17,248	\$32,194
Special Revenue	162,542	90,104	72,438
Capital Projects	0	16,822	(16,822)
Total	\$211,984	\$124,174	\$87,810

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,659	\$49,720	\$1,061
Special Revenue	63,900	61,405	(2,495)
Total	\$112,559	\$111,125	(\$1,434)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$19,260	\$20,003	(\$743)
Special Revenue	172,637	89,772	82,865
Total	\$191,897	\$109,775	\$82,122

**JACKSON TOWNSHIP
MONROE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Issue II Fund by \$16,822 for the year ended December 31, 2003. Also, budgetary expenditures exceeded appropriation authority within two functions/objects of the General Fund for the year ended December 31, 2002.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEMS

The Township's 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, members of OPERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. 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
MONROE COUNTY**

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

6. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

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. 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 \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, 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. 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:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

**JACKSON TOWNSHIP
MONROE COUNTY**

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

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



Auditor of State Betty Montgomery

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

Jackson Township
Monroe County
34273 State Route 7
Sardis, Ohio 43946

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 9, 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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 instances of noncompliance that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2003-001 thru 2003-004. We also noted certain immaterial instances of noncompliance that we have reported to the Township's management in a separate letter dated August 9, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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. Reportable conditions are described in the accompanying Schedule of Findings as items 2003-005 and 2003-006.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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. 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 to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. We also noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the Township's management in a separate letter dated August 9, 2004.

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

August 9, 2004

**JACKSON TOWNSHIP
MONROE 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 505.24 states, in pertinent part, by unanimous vote, a Board of Trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the Board shall be no more than the maximum amount that could be received annually by a Trustee if the Trustee were paid on a per diem basis as specified in this division, and shall be paid from the Township General Fund or from other Township funds in such proportions as the board may specify by resolution.

The Township Trustees' salaries for 2003 and 2002 were appropriately paid from the General and Gasoline Tax Funds; however, the Township Trustees' fringe benefits were not always paid from these funds in the same proportion as their salaries. The Motor Vehicle License Tax Fund was charged \$2,892 during 2003 and 2002 for these benefits; however, this portion of their fringe benefits should have been charged to the Gasoline Tax Fund in the amount of \$2,892.

As of the date of this report, Township management was in agreement with the aforementioned adjustment and this adjustment has been posted to the Township's records and is reflected in the accompanying financial statements.

We recommend the Township Clerk allocate the distribution of the Board of Trustees fringe benefits in the same proportion as their compensation per the formal resolution adopted by the Board of Trustees regarding the allocation of their compensation.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that money paid into a fund may only be used for the purpose for which the fund is established. As the Township Clerk's duties are administrative in nature, and the Motor Vehicle License Tax Fund may not be used to pay for general administrative services, the Township Clerk's salary and benefits should therefore be paid from the Township's General Fund. During 2002, the Township paid \$650 of the Township Clerk's fringe benefits from the Motor Vehicle License Tax Fund.

As of the date of this report, Township management was in agreement with the aforementioned adjustment and this adjustment has been posted to the Township's records and is reflected in the accompanying financial statements.

We recommend the Township pay all fringe benefits of the Township Clerk from the General Fund.

**JACKSON TOWNSHIP
MONROE 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 2003-003

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that all revenue derived from a specific source shall be credited to a special fund for the purpose for which the monies were received.

The Township Clerk improperly posted Gasoline Tax proceeds to the General Fund in the amount of \$5,382 during 2003 and \$5,941 during 2002 instead of to the Gasoline Tax Fund.

As of the date of this report, Township management was in agreement with the aforementioned adjustments and these adjustments have been posted to the Township's records and are reflected in the accompanying financial statements.

We recommend the Township Clerk post all Gasoline Tax proceeds from the County Auditor to the Gasoline Tax Fund.

FINDING NUMBER 2003-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires no subdivision or taxing authority to expend money unless it has been appropriated.

The Township appropriates at the fund/function/object level. We noted the following instance where expenditures exceeded appropriations at the fund/function/object level as of December 31, 2003:

Fund/Function/Object	Appropriation	Expenditure	Variance
Issue II Fund			
Capital Outlay/ Other – Capital Outlay	\$0	\$16,822	(\$16,822)

We noted the following instances where expenditures exceeded appropriations in the General Fund within the following function/object level as of December 31, 2002:

Fund/Function/Object	Appropriation	Expenditure	Variance
General Government/ Salaries – Trustees	\$0	\$1,603	(\$1,603)
Public Works/ Operating Supplies	\$0	\$2,301	(\$2,301)

These variances resulted from posting audit adjustments to agree appropriations to legislatively approved amounts.

We recommend the Township Clerk obtain Board of Trustee approval when appropriation increases are necessary.

**JACKSON TOWNSHIP
MONROE 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 2003-005

Reportable Condition

Several receipts were not posted into accurate revenue classifications based on the source of the receipt.

During 2003 and 2002, 25% of the Township gasoline tax distributions from the County Auditor were posted to the General Fund instead of the Gasoline Tax Fund. (See Finding No. 2003-003)

Also, during 2003 the public utility, trailer homestead, and personal property tax reimbursements in an aggregate amount of \$3,007 was posted to the taxes line item instead of the intergovernmental line item.

As a result, several adjusting entries were prepared to post these receipts into the correct funds and receipt classifications. This situation could also result in inaccurate financial information being distributed to Township officials.

We recommend the Township Clerk consult the Ohio Township Manual when monies are received, to help ensure these receipts are posted to the appropriate fund and receipt classification and accurate financial statements are prepared.

FINDING NUMBER 2003-006

Reportable Condition

Budgeted revenue amounts posted to the Township's computer system did not always agree to the Certificate of Estimated Resources from the County Auditor.

During 2003, two of the Township's seven funds did not have the correct amount of budgeted revenue posted in the computer system and during 2002, two of the Township's six funds did not have the correct amount of budgeted revenue posted to the computer system. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as certified by the County Budget Commission.

As a result, information available for Township officials to monitor year-to-date total comparisons of estimated resources versus actual receipts was not accurate.

We recommend estimated resources be posted to the computer system as received from the County Budget Commission.

**JACKSON TOWNSHIP
MONROE 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; <i>Explain:</i>
2001-61056-001	Ohio Rev. Code Section 505.24 for not allocating Township Trustees' salary and fringe benefits to the correct funds.	No	Partially corrected; See Finding Number 2003-001.
2001-61056-002	Ohio Rev. Code Section 507.09 for not properly allocating the Township Clerk's fringe benefits to the General Fund.	No	Not corrected; See Finding Number 2003-002.
2001-61056-003	Ohio Rev. Code Section 135.18 for not ensuring Township's deposits were adequately collateralized.	Yes	Corrected.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

JACKSON TOWNSHIP

MONROE 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
SEPTEMBER 30, 2004**