



Dave Yost • Auditor of State

JACKSON TOWNSHIP
CHAMPAIGN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Jackson Township
Champaign County
PO Box 114
Christiansburg, Ohio 45389

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Jackson Township, Champaign County, (the Township) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our adverse and qualified audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

The Township reported the Cemetery Endowment/Bequest Funds, totaling \$20,036 and \$19,930 at December 31, 2013 and 2012, respectively, and representing 100 percent of the ending fund balance of the Permanent Fund, without obtaining the trust agreements to support this classification. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Permanent Fund Cemetery Endowment/Bequest Funds. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Jackson Township, Champaign County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

For the years ended December 31, 2013 and 2012, the Township revised its financial presentation from that comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments to a format the Auditor of State prescribes or permits.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

July 18, 2014

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Fund Types				Totals
	General	Special Revenue	Debt Service	Permanent	(Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$37,507	\$171,961			\$209,468
Licenses, Permits and Fees	4,185				4,185
Intergovernmental	47,108	129,078	\$4,600		180,786
Special Assessments		1,175			1,175
Earnings on Investments	577	106	10	\$109	802
Miscellaneous	616	521			1,137
Total Cash Receipts	89,993	302,841	4,610	109	397,553
Cash Disbursements:					
Current:					
General Government	42,568	84,561			127,129
Public Works		78,796			78,796
Health	14,291			3	14,294
Capital Outlay		6,845			6,845
Debt Service:					
Principal Retirement			3,254		3,254
Total Cash Disbursements	56,859	170,202	3,254	3	230,318
Total Receipts Over/(Under) Disbursements	33,134	132,639	1,356	106	167,235
Other Financing Receipts/(Disbursements):					
Other Financing Uses	(24,618)				(24,618)
Net Change in Fund Cash Balances	8,516	132,639	1,356	106	142,617
Fund Cash Balance, January 1	222,138	271,732	7,638	19,930	521,438
Fund Cash Balance, December 31:					
Non-spendable				19,700	19,700
Restricted		404,371	8,994	336	413,701
Assigned	145,605				145,605
Unassigned (Deficit)	85,049				85,049
Fund Cash Balance, December 31	\$230,654	\$404,371	\$8,994	\$20,036	\$664,055

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

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types				Totals
	General	Special Revenue	Debt Service	Permanent	(Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$37,576	\$172,588			\$210,164
Licenses, Permits and Fees	5,853				5,853
Intergovernmental	130,247	126,139	\$5,000		261,386
Special Assessments		949			949
Earnings on Investments	769	211	16	\$152	1,148
Miscellaneous	910	3,262			4,172
Total Cash Receipts	175,355	303,149	5,016	152	483,672
Cash Disbursements:					
Current:					
General Government	46,130	99,893			146,023
Public Works	215	216,067			216,282
Health	13,626			603	14,229
Debt Service:					
Principal Retirement			3,254		3,254
Total Cash Disbursements	59,971	315,960	3,254	603	379,788
Total Receipts Over/(Under) Disbursements	115,384	(12,811)	1,762	(451)	103,884
Net Change in Fund Cash Balances	115,384	(12,811)	1,762	(451)	103,884
Fund Cash Balance, January 1	106,754	284,543	5,876	20,381	417,554
Fund Cash Balance, December 31:					
Non-spendable				19,700	19,700
Restricted		271,732	7,638	230	279,600
Assigned	182,138				182,138
Unassigned (Deficit)	40,000				40,000
Fund Cash Balance, December 31	\$222,138	\$271,732	\$7,638	\$19,930	\$521,438

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

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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, Champaign County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, maintenance of Township road and bridges, and cemetery maintenance. The Township contracts with the Christiansburg and Johnson St. Paris Fire Departments to provide fire services. Police protection is provided by the Champaign County Sheriff's Department. The Township contracts with Christiansburg EMS and the Johnson St. Paris EMS for ambulance services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. 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. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fire District Fund – This fund receives money from a fire levy which pays for fire protection.

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

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

OPWC Debt Service – This fund is used to repay an OPWC Thackery Storm Sewers and Creek Road project. The fund receives a portion of the Gas Tax monies which is used to repay the interest free debt.

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent funds:

Cemetery Endowment/Bequest Funds – These funds receive interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

The Township has two Cemetery Endowment/Bequest Funds and trust agreements were not available to support the permanent fund classification.

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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2013	2012
Demand deposits	\$614,876	\$472,241
Certificates of deposit	22,200	22,200
Total deposits	637,076	494,441
STAR Ohio	26,979	26,997
Total deposits and investments	\$664,055	\$521,438

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,848	\$89,993	\$34,145
Special Revenue	267,613	302,841	35,228
Debt Service	3,121	4,610	1,489
Permanent	104	109	5
Total	\$326,686	\$397,553	\$70,867

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$237,986	\$81,477	\$156,509
Special Revenue	550,183	170,202	379,981
Debt Service	4,000	3,254	746
Permanent	630	3	627
Total	\$792,799	\$254,936	\$537,863

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,662	\$175,355	\$118,693
Special Revenue	266,495	303,149	36,654
Debt Service	3,030	5,016	1,986
Permanent	151	152	1
Total	\$326,338	\$483,672	\$157,334

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$111,100	\$59,971	\$51,129
Special Revenue	484,191	315,960	168,231
Debt Service	4,000	3,254	746
Permanent	1,081	603	478
Total	\$600,372	\$379,788	\$220,584

4. PROPERTY Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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.

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, 2013 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$39,049	0%

The Ohio Public Works Commission Loan was issued to finance the repair of Thackery Storm Sewers and Creek Road through an Ohio Public Works Commission project. Loan payments began on July 1, 2006.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. DEBT (Continued)

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OPWC
2014	\$3,254
2015	3,254
2016	3,254
2017	3,254
2018	3,254
2019-2023	16,271
2024-2025	6,508
Total	<u>\$39,049</u>

6. RETIREMENT SYSTEMS

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 the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012 OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

7. RISK MANAGEMENT

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. RISK MANAGEMENT (Continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available).

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

8. SUBSEQUENT EVENTS

On May 7, 2013, the Township received voter approval for increases in Fire (replacement of 1 mill and increase of 0.5 mill) and EMS (replacement of 0.5 mill and increase of 0.5 mill) levies. The levies will generate increased property taxes for the next five years starting in 2014 and will be used to meet the fire and ambulance contract obligations of the Township.

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Dave Yost • Auditor of State

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

Jackson Township
Champaign County
PO Box 114
Christiansburg, Ohio 45389

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Jackson Township, Champaign County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated July 18, 2014 wherein we noted the Government followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We noted the Township revised its financial presentation from that comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments to a format the Auditor of State prescribes or permits. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the recording of Cemetery Endowment/Bequest funds as Permanent funds.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-001 and 2013-002 described in the accompanying schedule of findings to be material weaknesses.

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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looped "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

July 18, 2014

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND DECEMBER 31, 2012**

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

FINDING NUMBER 2013-001

Material Weakness – Financial Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classification and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources in governmental funds. The five classifications are non-spendable, restricted, committed, assigned and unassigned. GASB 54 requires that when the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Stated differently, if appropriations (temporary or annual) exceed estimated receipts (not resources), the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance.

The Township did not include the excess of appropriations to estimated receipts, for the subsequent year, as an assigned fund balance in the General Fund. This resulted in reclassifications of \$182,138 and \$145,605 for 2012 and 2013, respectively, from unassigned to assigned fund balance as reflected in the financial statements.

In addition, the Township classified \$19,700 of its Permanent Fund balance as non-spendable in both years; however without proper documentation, we were unable to determine the proper classifications of fund balance for the presented Permanent Funds.

Additionally, the Township received an estate tax receipt in the amount of \$112,611 in 2012. In 2013, the Township received notice from the County it was overpaid \$24,618 for this estate receipt and reimbursement to the County Auditor was required. The Township posted this reimbursement as a General Fund - General Government Expenditure but it should have been posted as General Fund - Other Financing Uses as it is a refund of a prior year receipt. This reclassification is reflected in the financial statements.

To improve financial reporting and accountability, the Township should implement procedures to review the requirements of GASB 54 and ensure General Fund resources expected to be spent in the next fiscal year are included as assigned fund balance. The Township should also have proper documentation to support the classifications of equity within its other fund types, specifically the permanent fund non-spendable balance. In addition, the Township should review unusual items similar to refunds of prior year receipts and ensure these are accurately posted as non-operating other financing uses.

Officials' Response:

We did not receive a response from officials.

FINDING NUMBER 2013-002

Material Weakness – Documentation for Permanent Funds

The Township should maintain original trust agreements to help assure accountability for permanent funds and the correct classification for financial reporting. By maintaining these agreements, the Township would be able to identify whether or not there is principal that must be maintained in perpetuity and whether or not the trust is to benefit the entity or other organizations, governments, or individuals.

The Township presented Cemetery Endowment/Bequest Funds as Permanent Funds without basing this decision on the original trust agreements. The Endowment/Bequest Funds represented 100% of the Permanent Funds, totaling \$20,036 and \$19,930 at December 31, 2013 and 2012, respectively. Without the original trust agreements it is not possible to determine whether the Cemetery Endowment/Bequest Funds should be presented as Permanent Funds (benefit to the Township) or Private Purpose Trust Funds (benefit to other organizations, governments, or individuals). In addition, the lack of trust agreements may be an indication these funds can be completely spent which would result in the Funds being classified as Special Revenue Funds. As a result, it could not be determined if the financial statements were accurately stated.

The Township should obtain copies of the documentation establishing these trust funds to identify the original principal and to determine the purpose of each Trust. The Township should consult Legal Counsel for advice along with reviewing Ohio Revised Code Section 1755.55(D) if documentation cannot be located to support the existence of a trust agreement, whether expendable or nonexpendable.

Officials' Response:

We did not receive a response from officials.



Dave Yost • Auditor of State

JACKSON TOWNSHIP

CHAMPAIGN 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 9, 2014**