



**JACKSON TOWNSHIP
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA
Auditor of State

JACKSON TOWNSHIP
FRANKLIN COUNTY

TABLE OF CONTENTS

| TITLE | PAGE |
|--|------|
| Cover Letter | 1 |
| Independent Accountants' Report..... | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008..... | 5 |
| Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2008..... | 6 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007..... | 7 |
| Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2007..... | 8 |
| Notes to the Financial Statements | 9 |
| Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 15 |
| Schedule of Findings | 17 |

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Mary Taylor, CPA
Auditor of State

Jackson Township
Franklin County
3756 Hoover Road
Grove City, Ohio 43123

To the Township Board of Trustees:

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 26, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jackson Township
Franklin County
3756 Hoover Road
Grove City, Ohio 43123

To the Township Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township'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 GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 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, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Jackson Township, Franklin County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 March 26, 2009, 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.



Mary Taylor, CPA
Auditor of State

March 26, 2009

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF
CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | Governmental Fund Types | | Totals |
|--|--------------------------------|----------------------------|------------------------------|
| | General | Special Revenue | (Memorandum Only) |
| Cash Receipts: | | | |
| Property and Other Local Taxes | \$ 684,565 | \$ 8,342,062 | \$ 9,026,627 |
| Charges for Services | - | 1,250,105 | 1,250,105 |
| Licenses, Permits, and Fees | 214,885 | 29,925 | 244,810 |
| Intergovernmental | 291,000 | 938,750 | 1,229,750 |
| Earnings on Investments | 160,810 | 13,109 | 173,919 |
| Miscellaneous | 87,673 | 326,294 | 413,967 |
| | <u>1,438,933</u> | <u>10,900,245</u> | <u>12,339,178</u> |
| Total Cash Receipts | | | |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 952,871 | - | 952,871 |
| Public Safety | - | 10,115,213 | 10,115,213 |
| Public Works | 12,911 | 918,165 | 931,076 |
| Health | 9,091 | - | 9,091 |
| Capital Outlay | 21,408 | 561,293 | 582,701 |
| | <u>996,281</u> | <u>11,594,671</u> | <u>12,590,952</u> |
| Total Cash Disbursements | | | |
| Total Receipts Over/(Under) Disbursements | <u>442,652</u> | <u>(694,426)</u> | <u>(251,774)</u> |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers - In | - | 10,100 | 10,100 |
| Transfers - Out | - | (10,100) | (10,100) |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Receipts/(Disbursements) | | | |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements | 442,652 | (694,426) | (251,774) |
| Fund Cash Balance, January 1 | <u>2,367,444</u> | <u>3,530,541</u> | <u>5,897,985</u> |
| Fund Cash Balance, December 31 | <u><u>\$ 2,810,096</u></u> | <u><u>\$ 2,836,115</u></u> | <u><u>\$ 5,646,211</u></u> |
| Reserve for Encumbrances, December 31 | <u><u>\$ 103,488</u></u> | <u><u>\$ 562,777</u></u> | <u><u>\$ 666,265</u></u> |

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF
CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | <u>Proprietary Fund</u> | <u>Fiduciary Fund</u> | <u>Totals</u> |
|---|-----------------------------|-----------------------|------------------------------|
| | <u>Internal Service</u> | <u>Agency</u> | <u>(Memorandum Only)</u> |
| Operating Cash Receipts: | | | |
| Charges for Services | \$ 1,223,450 | \$ - | \$ 1,223,450 |
| Total Operating Cash Receipts | <u>1,223,450</u> | <u>-</u> | <u>1,223,450</u> |
| Operating Cash Disbursements: | | | |
| Current: | | | |
| Employee Fringe Benefits | <u>1,131,552</u> | <u>-</u> | <u>1,131,552</u> |
| Operating Income | <u>91,898</u> | <u>-</u> | <u>91,898</u> |
| Non-Operating Receipts/Disbursements | | | |
| Miscellaneous | - | 26,084 | 26,084 |
| Earnings on Investments | 2,285 | - | 2,285 |
| Other Financing Uses | <u>-</u> | <u>(28,204)</u> | <u>(28,204)</u> |
| Total Non-Operating Receipts/Disbursements | <u>2,285</u> | <u>(2,120)</u> | <u>165</u> |
| Income/(Loss) | 94,183 | (2,120) | 92,063 |
| Fund Cash Balance, January 1 | <u>159,132</u> | <u>8,222</u> | <u>167,354</u> |
| Fund Cash Balance, December 31 | <u>\$ 253,315</u> | <u>\$ 6,102</u> | <u>\$ 259,417</u> |
| Reserve for Encumbrances, December 31 | <u>\$ -</u> | <u>\$ 724</u> | <u>\$ 724</u> |

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

**JACKSON TOWNSHIP
FRANKLIN 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> | | <u>Totals</u> |
|---|--------------------------------|----------------------------|------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>(Memorandum Only)</u> |
| Cash Receipts: | | | |
| Property and Other Local Taxes | \$ 721,852 | \$ 9,052,508 | \$ 9,774,360 |
| Charges for Services | - | 1,304,474 | 1,304,474 |
| Licenses, Permits, and Fees | 220,413 | 34,958 | 255,371 |
| Intergovernmental | 298,204 | 800,851 | 1,099,055 |
| Earnings on Investments | 245,669 | 32,013 | 277,682 |
| Miscellaneous | 58,041 | 78,523 | 136,564 |
| | <u>1,544,179</u> | <u>11,303,327</u> | <u>12,847,506</u> |
| Total Cash Receipts | | | |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 869,100 | - | 869,100 |
| Public Safety | - | 9,276,113 | 9,276,113 |
| Public Works | 12,854 | 673,211 | 686,065 |
| Health | 24,044 | - | 24,044 |
| Capital Outlay | 330,746 | 460,056 | 790,802 |
| | <u>1,236,744</u> | <u>10,409,380</u> | <u>11,646,124</u> |
| Total Cash Disbursements | | | |
| | <u>307,435</u> | <u>893,947</u> | <u>1,201,382</u> |
| Total Receipts Over Disbursements | | | |
| | <u>103,711</u> | <u>-</u> | <u>103,711</u> |
| Other Financing Receipts: | | | |
| Sale of Fixed Assets | 103,711 | - | 103,711 |
| | <u>411,146</u> | <u>893,947</u> | <u>1,305,093</u> |
| Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements | | | |
| | <u>1,956,298</u> | <u>2,636,594</u> | <u>4,592,892</u> |
| Fund Cash Balance, January 1 | | | |
| | <u>\$ 2,367,444</u> | <u>\$ 3,530,541</u> | <u>\$ 5,897,985</u> |
| Fund Cash Balance, December 31 | | | |
| | <u>\$ 64,005</u> | <u>\$ 257,388</u> | <u>\$ 321,394</u> |
| Reserve for Encumbrances, December 31 | | | |

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

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

| | <u>Proprietary Fund</u> <u>Internal</u> <u>Service</u> | <u>Fiduciary Fund</u> <u>Agency</u> | <u>Totals</u> <u>(Memorandum</u> <u>Only)</u> |
|---|--|--|---|
| Operating Cash Receipts: | | | |
| Charges for Services | \$ 1,197,294 | \$ - | \$ 1,197,294 |
| Total Operating Cash Receipts | <u>1,197,294</u> | <u>-</u> | <u>1,197,294</u> |
| Operating Cash Disbursements: | | | |
| Current: | | | |
| Employee Fringe Benefits | <u>1,276,127</u> | <u>-</u> | <u>1,276,127</u> |
| Operating Income/(Loss) | <u>(78,833)</u> | <u>-</u> | <u>(78,833)</u> |
| Non-Operating Receipts/Disbursements | | | |
| Miscellaneous | | 29,072 | 29,072 |
| Earnings on Investments | 3,305 | - | 3,305 |
| Other Financing Uses | <u>-</u> | <u>(27,868)</u> | <u>(27,868)</u> |
| Total Non-Operating Receipts/Disbursements | <u>3,305</u> | <u>1,204</u> | <u>4,509</u> |
| Income/Loss | (75,528) | 1,204 | (74,324) |
| Fund Cash Balance, January 1 | <u>234,660</u> | <u>7,018</u> | <u>241,678</u> |
| Fund Cash Balance, December 31 | <u>\$ 159,132</u> | <u>\$ 8,222</u> | <u>\$ 167,354</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 96,370</u> | <u>\$ 6,669</u> | <u>\$ 103,039</u> |

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 the Jackson Township, Franklin County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of Grove City to provide police 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.

The Township values repurchase agreements deposit at cost.

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

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Fire District Fund - This fund receives tax money from a special fire levy for covering the cost of fire protection.

EMS Billing Fund - This fund accounts for money received for providing EMS service as well as for the expenses related to the EMS service.

3. Proprietary Fund

Proprietary funds are used to account for the Township's business-type activities. The Township had the following Proprietary Fund:

Internal Service Fund - This fund receives monies from other funds to pay for health, vision, and life insurance benefits.

4. Fiduciary Fund

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund account for the activities of the Township's Internal Revenue Code Section 125 Flexible Spending Account.

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 function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled 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:

| | 2008 | 2007 |
|--------------------------------|-------------|-------------|
| Demand Deposits | \$944,349 | \$1,368,726 |
| Repurchase Agreement | \$4,961,279 | \$4,696,613 |
| Total deposits and investments | \$5,905,628 | \$6,065,339 |

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

Investments: The Township maintains a sweep account with Heartland Bank. Heartland Bank transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

| 2008 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$1,413,463 | \$1,438,933 | \$25,470 |
| Special Revenue | 11,167,903 | 10,910,345 | (257,558) |
| Internal Service | 1,331,422 | 1,225,735 | (105,687) |
| Total | \$13,912,788 | \$13,575,013 | (\$337,775) |

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity (Continued)

| 2008 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,716,902 | \$1,099,769 | \$2,617,133 |
| Special Revenue | 15,851,155 | 12,167,548 | 3,683,607 |
| Internal Service | 1,538,343 | 1,131,552 | 406,791 |
| Total | \$21,106,400 | \$14,398,869 | \$6,707,531 |

| 2007 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$1,356,446 | \$1,647,890 | \$291,444 |
| Special Revenue | 10,791,802 | 11,303,327 | 511,525 |
| Internal Service | 1,292,642 | 1,200,599 | (92,043) |
| Total | \$13,440,890 | \$14,151,816 | \$710,926 |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,297,560 | \$1,300,749 | \$1,996,811 |
| Special Revenue | 12,877,149 | 10,666,768 | 2,210,381 |
| Internal Service | 1,534,381 | 1,372,497 | 161,884 |
| Total | \$17,709,090 | \$13,340,014 | \$4,369,076 |

Contrary to Ohio law, appropriation authority exceeded estimated resources in the EMS Billing fund by \$1,400,000 for the year ended December 31, 2008.

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.

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 tangible personal property tax is being phased out over the next few years.

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. Retirement Systems

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10% of their wages. For 2006 and 2005, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

6. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Self Insurance

The Township provides health, vision, and life insurance to its employees through a benefits management agreement by and between the Township and Medical Benefits Administrators, Inc., a third party administrator (TPA), a subsidiary of Medical Benefits Mutual Life Insurance, Co., dated May 1, 1998. The agreement is renewed annually. The plan is funded by employee payroll deductions and Township contributions. The total plan contributions, employee and employer portions, are determined on "expected claims". Actual claims are processed and deducted from the Township contributions to date. Any remaining contribution balance within the account is considered "reserves" which are planned for claims yet unreported, but expected. All contributions are deposited to a money market account. Claims over \$20,000 per occurrence are covered through a stop-loss company hired by the TPA. Participant claims are paid from another checking account by the plan administrator. All financial activity of the self-funding insurance is recorded in the Internal Service fund of the Township.

7. Jointly Governed Organizations

The Township appoints a trustee to serve as the Franklin County representative to the Solid Waste Authority of Central Ohio (SWACO).

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Mary Taylor, CPA

Auditor of State

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

Jackson Township
Franklin County
3756 Hoover Road
Grove City, Ohio 43123

To the Township Board of Trustees:

We have audited the financial statements of Jackson Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 26, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We 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 opinion 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 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 significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider 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.

We consider findings 2008-001 and 2008-002 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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 believe finding number 2008-001 and 2008-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated March 26, 2009.

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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-003.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

March 26, 2009

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Material Weakness - Financial Reporting

The Township utilizes the UAN accounting software for daily transaction processing and annual financial statement preparation. There were modifications or reclassifications necessary to the Township's annual financial statements. Although the accounting software generates the financial statements, management is responsible for the presentation of the basic financial statements and accordingly should implement review procedures and controls over the financial preparation and reporting process.

Audit adjustments were necessary to properly classify revenues, properly classify expenditures, post interest earnings to the correct fund, and correct the double booking of EMS Charges for Services. These audit adjustments ranged in dollar amount from \$3,135 to \$1,495,720.

We recommend the Township implement additional procedures to provide assurance over the completeness and accuracy of information reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

FINDING NUMBER 2008-002

Material Weakness - Bank to Book Reconciliations

A bank to book reconciliation should be performed monthly and reconciling items should be identified and adjusted at the time the reconciling item or error is discovered. Reconciliations should include all bank accounts and book balances. Additionally, management and the Board of Trustees should review the bank to book reconciliation. Evidence of these reviews should be documented.

Although the Township did perform monthly bank to book reconciliations, October bank statements for the secondary bank accounts related to the Internal Service and Agency Funds were used for the 12/31/07 reconciliation and November bank statements were used for the 12/31/08 reconciliation. This resulted in a timing error for posting receipts and expenditures related to the internal service and agency funds; resulting in a misstatement of the Township's cash position of these funds at year end. The Township's financial statements and accounting records have been adjusted to reflect this additional activity.

We recommend the Township use the proper monthly bank statement to perform the bank to book reconciliation. Further, we recommend the Township post transactions for the month in which they occur.

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-003

Noncompliance Citation - Appropriations Exceeding Available Resources

Ohio Rev. Code Section 5705.39, states that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission.

We noted appropriations exceeding estimated resources in the EMS Billing fund in the amount of \$1.4 million at December 31, 2008.

We recommend the Board compare appropriations from each fund with the most recent Official Certificate of estimated resources before passing appropriation resolutions. Appropriations should not be approved in excess of estimated resources.

The officials responsible for providing a response chose not to respond to any of the findings noted above.



Mary Taylor, CPA
Auditor of State

JACKSON TOWNSHIP

FRANKLIN 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
JULY 21, 2009**