



**JACKSON TOWNSHIP  
PICKAWAY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008-2007**



**Mary Taylor, CPA**  
Auditor of State



JACKSON TOWNSHIP  
PICKAWAY COUNTY

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Mary Taylor, CPA  
Auditor of State

Jackson Township  
Pickaway County  
16576 Turney Caldwell Road  
Circleville, Ohio 43113

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to 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

August 17, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Jackson Township  
Pickaway County  
16576 Turney Caldwell Road  
Circleville, Ohio 43113

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Pickaway 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 December 31, 2007, or its changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Jackson Township, Pickaway 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 August 17, 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

August 17, 2009



**JACKSON TOWNSHIP  
PICKAWAY 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		
	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts:</b>			
Local Taxes	\$ 29,413	\$ 74,996	\$ 104,409
Intergovernmental	39,602	111,263	150,865
Special Assessments	4,924	-	4,924
Licenses, Permits, and Fees	5,950	6,675	12,625
Earnings on Investments	10,409	3,395	13,804
Miscellaneous	20	4,722	4,742
	<u>90,318</u>	<u>201,051</u>	<u>291,369</u>
<b>Total Cash Receipts</b>	<u>90,318</u>	<u>201,051</u>	<u>291,369</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	75,066	-	75,066
Public Safety	5,731	1,144	6,875
Public Works	60	98,243	98,303
Health	59	5,138	5,197
Capital Outlay	52,767	25,390	78,157
	<u>133,683</u>	<u>129,915</u>	<u>263,598</u>
<b>Total Cash Disbursements</b>	<u>133,683</u>	<u>129,915</u>	<u>263,598</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(43,365)</u>	<u>71,136</u>	<u>27,771</u>
<b>Other Financing Receipts:</b>			
Sale of Fixed Assets	59,950	-	59,950
	<u>59,950</u>	<u>-</u>	<u>59,950</u>
<b>Total Other Financing Receipts</b>	<u>59,950</u>	<u>-</u>	<u>59,950</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements</b>	<u>16,585</u>	<u>71,136</u>	<u>87,721</u>
<b>Fund Cash Balances, January 1</b>	<u>123,887</u>	<u>361,388</u>	<u>485,275</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 140,472</u>	<u>\$ 432,524</u>	<u>\$ 572,996</u>

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

**JACKSON TOWNSHIP  
PICKAWAY 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**

	<b>Governmental Fund Types</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$ 29,189	\$ 72,822	\$ 102,011
Intergovernmental	27,062	102,645	129,707
Special Assessments	2,735	-	2,735
Licenses, Permits, and Fees	8,464	7,200	15,664
Earnings on Investments	8,964	498	9,462
Miscellaneous	50	3,913	3,963
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	76,464	187,078	263,542
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	72,499	-	72,499
Public Safety	-	1	1
Public Works	-	80,544	80,544
Health	53	8,783	8,836
Capital Outlay	13,696	21,558	35,254
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	86,248	110,886	197,134
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(9,784)	76,192	66,408
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts:</b>			
Other Financing Sources	2,305	-	2,305
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	2,305	-	2,305
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(7,479)	76,192	68,713
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	131,366	285,196	416,562
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$ 123,887</b>	<b>\$ 361,388</b>	<b>\$ 485,275</b>
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*The notes to the financial statements are an integral part of this statement.*

**JACKSON TOWNSHIP  
PICKAWAY 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 Jackson Township, Pickaway County, (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 and cemetery maintenance. The Township contracts with the Village of Williamsport and Deercreek Township to provide fire services and 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.

The Township values certificates of 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:

**JACKSON TOWNSHIP  
PICKAWAY COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

Road and Bridge Fund - This fund receives special levy 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.

Cemetery Fund – This fund receives property tax money to pay for maintaining the cemetery in addition to money collected for the sale of lots and for burial services performed by the Township.

Fire Levy Fund – This fund receives special levy money to provide for the fire and emergency medical services to the Township.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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 2008 and 2007 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**JACKSON TOWNSHIP  
PICKAWAY COUNTY**

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

**2. Equity in Pooled Deposits and Investments**

The Township maintains a deposit and investments pool all funds use, except the certificates of deposits which are specific to the General and Fire/EMS Funds. 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	\$572,996	\$330,275
Investments: Certificates of deposit	0	155,000
Total deposits and investments	\$572,996	\$485,275

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

**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	\$79,773	\$150,268	\$70,495
Special Revenue	195,255	201,051	5,796
Total	\$275,028	\$351,319	\$76,291

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$176,454	\$133,683	\$42,771
Special Revenue	405,027	129,915	275,112
Total	\$581,481	\$263,598	\$317,883

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$36,150	\$78,769	\$42,619
Special Revenue	192,766	187,078	(5,688)
Total	\$228,916	\$265,847	\$36,931

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$172,008	\$86,248	\$85,760
Special Revenue	469,587	110,886	358,701
Total	\$641,595	\$197,134	\$444,461

**JACKSON TOWNSHIP  
PICKAWAY COUNTY**

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

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

**5. Debt**

The Township purchased land for its Community Park and new Township Hall in October 2003. The land was purchased from Westfall Local School District for \$24,000 payable in five installments of \$4,800. The last payment on this debt obligation was paid in 2007.

**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 these plans' benefits which include postretirement healthcare and survivor and disability benefits.

For 2007 and 2008, OPERS members contributed 9.5 and 10.0%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85 and 14.0%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**7. Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**JACKSON TOWNSHIP  
PICKAWAY COUNTY**

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

**7. Risk Management (Continued)**

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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 government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2007 and 2006 (the latest information available):

**JACKSON TOWNSHIP  
PICKAWAY COUNTY**

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

**7. Risk Management (Continued)**

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$2,506. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**Contributions to OTARMA**

2006	\$2,607
2007	\$2,476
2008	\$2,666

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.





# 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  
Pickaway County  
16576 Turney Caldwell Road  
Circleville, Ohio 43113

To the Township Board of Trustees:

We have audited the financial statements of Jackson Township, Pickaway County, Ohio (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 17, 2009, wherein we noted the Township prepared its financial statements using 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.

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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 numbers 2008-001 and 2008-002 are also material weaknesses.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated August 17, 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 matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated August 17, 2009.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



**Mary Taylor, CPA**  
Auditor of State

August 17, 2009

**JACKSON TOWNSHIP  
PICKAWAY 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**

**Trustee Compensation Documentation  
- Material Noncompliance/Material Weakness**

Ohio Rev. Code Section 505.24(C) permits trustees to receive annual salaries instead of per diem payments. When paid by salary, O.R.C. 505.24(C) does not prescribe a "documentation of time spent" requirement. However, for salaries not paid from the general fund, 2004 Op. Att'y Gen. No. 2004-036 requires trustees to establish administrative procedures to document the proportionate amount chargeable to restricted Township funds based on the kinds of services rendered. The "administrative procedures" can be in the form of timesheets or a similar method of record keeping, as long as each Trustee documents time spent on township business and the type of service performed in a manner similar to Trustees paid per diem compensation. If Trustees do not document their time, all salaries and benefits must be paid from the General Fund.

Ohio Revised Code 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established.

Ohio Rev. Code 5735.27(A)(5)(d) states that expenditures within the gas tax fund must be for the planning, constructing, maintenance, widening and reconstructing of public roads and highways within the township or paying principal & interest and charges on related obligations incurred. Ohio Rev. Code Section 517.03 states that expenditures from the cemetery fund must be used only to defray the expenses of the purchase or appropriation, and the enclosing, care, supervision, repair, and improving of lands for cemetery purposes.

The Township was informed of this requirement in the 2006/2005 management letter.

During 2007 the Township implemented internal controls to allow for the proper allocation of Trustees' salaries; Trustees track their actual monthly time spent on pre-printed forms which can be used to charge various funds corresponding to actual time spent. While it appeared the trustees completed these forms, actual payroll and benefits costs allocated to the funds did not agree to the allocations in the completed forms, but rather appeared to be allocated based upon a pre-determined percentage allocation.

For 2008 this resulted in the Gas Tax Fund and Cemetery Fund being charged \$20,870 and \$3,053, respectively for salaries, retirement, and health insurance for trustee activities which were actually attributable to the General Fund. In 2007 this also resulted in funds being charged for salaries and benefits in amounts which did not agree with actual services performed; the General Fund was charged \$604 and the Gas Tax Fund was charged \$98 for costs which were attributable to Cemetery Fund activities.

The Township has posted adjustments to correct the above misstatements to its financial statements and accounting records.

We recommend the Township ensure time allocation sheets are submitted timely to the Fiscal Officer so that Trustees' salaries and benefits costs can be properly allocated to funds based upon actual time spent on various activities in their roles as township trustees.

**Officials' Response:** The current Fiscal Officer took office in 2008. Salaries will be calculated closer with the timesheets for each trustee.

**JACKSON TOWNSHIP  
PICKAWAY COUNTY**

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

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

**FINDING NUMBER 2008-002**

**Financial Reporting- Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

The following audit adjustment was made to the December 31, 2008 financial statements:

- 1) An audit adjustment to reallocate \$23,923 of expenditures for Trustees salaries, retirement, and health insurance benefits to the General Fund and reduce these expenditures in the Gas Tax Fund (\$20,870) and the Cemetery Fund (\$3,053); see Finding 2008-001.

The following audit adjustments were made to the December 31, 2007 financial statements:

- 1) An audit adjustment to reallocate \$702 of expenditures for Trustees salaries, retirement, and health insurance benefits to the Cemetery Fund and reduce these expenditures in the General Fund (\$604) and the Gas Tax Fund (\$98); see Finding 2008-001..
- 2) A reclassification entry in the General Fund to increase Intergovernmental Receipts by \$8,418 and decrease Special Assessments (\$3,442) and Other Financing Sources (\$4,976); homestead and rollback receipts were misclassified.

The following misstatements were inconsequential to the overall financial statements of the Township and are not reflected on the December 31, 2008 financial statements:

1. A reclassification entry in the General Fund to reclassify \$100 from Special Assessments to Miscellaneous Revenue for rental income received.
2. A reclassification entry in the General Fund related to the sale of fixed assets; a \$500 deposit on this sale was mis-posted as Licenses, Fees and Permits.

The following misstatements were inconsequential to the overall financial statements of the Township and are not reflected on the December 31, 2007 financial statements:

1. An audit adjustment in the General Fund to remove a \$100 refund issued related to a zoning permit for which there was no supporting documentation.
2. A reclassification entry in the Fire and EMS Special Revenue Fund to decrease Miscellaneous Revenue and increase Intergovernmental Revenue for \$655 related to receipts for homestead and rollback which were mis-posted.

**JACKSON TOWNSHIP  
PICKAWAY COUNTY**

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

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p>
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**FINDING NUMBER 2008-002 (Continued)**

**Financial Reporting- Material Weakness (Continued)**

The adjustments and reclassifications identified above should be reviewed by the Fiscal Officer to ensure that similar errors are not reported on financial statements in subsequent years. In addition, we recommend the Township adopt procedures for the review of the activity posted to the accounting records and subsequent financial statements.

**Officials' Response:** The adjustments will be made and salaries will be calculated per the timesheets. Reports are given to the trustees monthly on the financial status of all the funds. A copy of the bank reconciliation is also made for each trustee monthly.

**JACKSON TOWNSHIP  
PICKAWAY COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Ohio Rev. Code 5705.41 (D) – Certification of Funds Prior to Commitment	No	Partially Corrected – re-issued in the management letter.
2006-002	Timely Posting of Interest Receipts	Yes	
2006-003	Ohio Rev. Code 149.93 – Maintaining Records	No	Partially Corrected – re-issued in the management letter.
2006-004	Ohio Rev. Code 5705.10 – Posting of FEMA receipts	Yes	
2006-005	Ohio Rev. Code 5747.06 – State Income Tax Withheld	Yes	
2006-006	26 U.S.C. Section 3402 – Federal Income Tax Withheld	Yes	
2006-007	26 U.S.C. Section 3102(a) – Medicare Tax Withheld	Yes	
2006-008	26 C.F.R. Section 1.6041-2 – Taxable Income Reporting on W-2	Yes	



**Mary Taylor, CPA**  
Auditor of State

**JACKSON TOWNSHIP**

**PICKAWAY 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  
OCTOBER 6, 2009**