

**JACKSON TOWNSHIP
WYANDOT COUNTY, OHIO**

FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Jackson Township
14130 St. Hwy 37
Forest, Ohio 45843

We have reviewed the *Independent Auditors' Report* of Jackson Township, Wyandot County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 29, 2009

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Jackson Township
Wyandot County, Ohio

For the Years Ended
December 31, 2008 and 2007

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Independent Auditors' Report

Jackson Township
Wyandot County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Jackson Township, Wyandot 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. We believe that 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 of Ohio 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 require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio 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.

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 their changes in financial position 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, Wyandot 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 October 22, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

October 22, 2009

**Jackson Township
Wyandot County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2008**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Property and other local taxes	\$ 16,559	7,513	-	24,072
Licenses, permits and fees	200	1,650	-	1,850
Intergovernmental	19,227	93,353	35,790	148,370
Earnings on investments	<u>386</u>	<u>2,699</u>	<u>-</u>	<u>3,085</u>
Total cash receipts	36,372	105,215	35,790	177,377
Cash disbursements:				
Current:				
General government	25,865	-	-	25,865
Public safety	13,200	-	-	13,200
Public works	-	93,309	-	93,309
Health	1,909	2,050	-	3,959
Capital outlay	<u>-</u>	<u>-</u>	<u>35,790</u>	<u>35,790</u>
Total cash disbursements	<u>40,974</u>	<u>95,359</u>	<u>35,790</u>	<u>172,123</u>
Total receipts over (under) disbursements	(4,602)	9,856	-	5,254
Other financing sources	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
Total receipts and financing over (under) disbursements	(4,596)	<u>9,856</u>	<u>-</u>	<u>5,260</u>
Fund cash balances, January 1	<u>21,775</u>	<u>182,624</u>	<u>-</u>	<u>204,399</u>
Fund cash balances, December 31	\$ <u>17,179</u>	<u>192,480</u>	<u>-</u>	<u>209,659</u>
Reserves for encumbrances	\$ <u>377</u>	<u>35</u>	<u>-</u>	<u>412</u>

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

**Jackson Township
Wyandot County, Ohio
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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Property and other local taxes	\$ 14,831	6,737	21,568
License, permits and fees	250	2,400	2,650
Intergovernmental	16,351	106,226	122,577
Earnings on investments	1,609	6,582	8,191
Miscellaneous	<u>-</u>	<u>450</u>	<u>450</u>
Total cash receipts	33,041	122,395	155,436
Cash disbursements:			
Current:			
General government	27,971	-	27,971
Public safety	11,550	-	11,550
Public works	-	51,302	51,302
Health	1,810	2,467	4,277
Capital outlay	<u>500</u>	<u>2,986</u>	<u>3,486</u>
Total cash disbursements	<u>41,831</u>	<u>56,755</u>	<u>98,586</u>
Total receipts over (under) disbursements	(8,790)	65,640	56,850
Other financing sources	<u>44</u>	<u>-</u>	<u>44</u>
Total receipts and financing over (under) disbursements	(8,746)	65,640	56,894
Fund cash balances, January 1	<u>30,521</u>	<u>116,984</u>	<u>147,505</u>
Fund cash balances, December 31	\$ <u>21,775</u>	<u>182,624</u>	<u>204,399</u>
Reserves for encumbrances	\$ <u>1,108</u>	<u>37,956</u>	<u>39,064</u>

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

**Jackson Township
Wyandot County, Ohio
Notes to the Financial Statements
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies

Description of the Entity

Jackson Township, Wyandot County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance. The Township contracts with Jackson Township, Hardin County, Ohio to provide fire protection services.

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State of Ohio.

Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Jackson Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007

(1) Summary of Significant Accounting Policies, continued

Special Revenue Funds

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

Motor Vehicle License Tax Fund – This fund receives vehicle registration tax money.

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

Road and Bridge Fund – This fund receives local real estate, property tax and other revenues collected to construct, maintain and repair Township roads.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except for those financed through enterprise or trust funds). The Township had the following Capital Project Fund:

Issue II Fund – The Township received a grant from the State of Ohio to repair Township roads.

Budgetary Process

The Ohio Revised Code (ORC) requires each fund to be budgeted annually.

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.

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.

Jackson Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007

(1) Summary of Significant Accounting Policies, continued

Budgetary Process, continued

Encumbrances

The ORC requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

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

Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

(2) Equity in Pooled Cash and Investments

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ <u>209,659</u>	<u>204,399</u>
Total deposits and investments	\$ <u>209,659</u>	<u>204,399</u>

Deposits are either insured by the Federal Deposit Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

(3) Budgetary Activity

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

Jackson Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007

(3) Budgetary Activity, continued

<u>2008 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 31,520	36,378	4,858
Special Revenue	70,100	105,215	35,115
Capital Projects	<u>35,790</u>	<u>35,790</u>	<u>-</u>
Total	\$ <u>137,410</u>	<u>177,383</u>	<u>39,973</u>

<u>2008 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 52,159	41,351	10,808
Special Revenue	250,440	95,394	155,046
Capital Projects	<u>35,790</u>	<u>35,790</u>	<u>-</u>
Total	\$ <u>338,389</u>	<u>172,535</u>	<u>165,854</u>

<u>2007 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 24,710	33,085	8,375
Special Revenue	<u>61,950</u>	<u>122,395</u>	<u>60,445</u>
Total	\$ <u>86,660</u>	<u>155,480</u>	<u>68,820</u>

<u>2007 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 55,164	42,939	12,225
Special Revenue	<u>178,540</u>	<u>94,711</u>	<u>83,829</u>
Total	\$ <u>233,704</u>	<u>137,650</u>	<u>96,054</u>

**Jackson Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(4) Property Tax

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

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

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

(5) Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the ORC.

Contribution rates are also prescribed by the ORC. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively of their gross salaries. The Township contributed an amount equal to 14% and 13.85%, respectively of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

(6) 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 Workers' 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. APEEP provides supplemental risk coverage for claims exceeding OTARMA claims coverage.

**Jackson Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(6) 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 OTARMA Pool retains casualty risk up to \$350,000 per occurrence. 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 APEEP'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 (prior to January 1, 2006), or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 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 in 2006, or \$100,000 and \$300,000 in 2007, 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.

Property Coverage, continued

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.

**Jackson Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(6) Risk Management, continued

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):

	<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.

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	\$ 3,283
2007	2,616
2008	2,624

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide 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.

Jackson Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007

(7) Commitments

The Township is committed to a contract through July 15, 2010 with Jackson Township, Hardin County, Ohio for fire services.

(8) Compliance

Contrary to Ohio law:

- Funds were not encumbered for all disbursements.
- The Township did not encumber \$35,790 for contracts that extended beyond the end of the 2008 and 2007, respectively. ORC Section 5705.44 requires such encumbrances. The Township financial statements were adjusted to reflect the encumbrances.
- Material reclassifications to the financial statements were necessary in order for them to be fairly stated.
- Bond coverage for the Fiscal Officer in 2008 was less than the minimum requirement.
- The Township has not adopted a public records policy.

Wolf, Rogers, Dickey & Co.

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**Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters,
Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Jackson Township
Wyandot County, Ohio

To the Board of Trustees:

We have audited the financial statements of Jackson Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 22, 2009, wherein we noted the Township followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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 to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 considered Findings 2008-01 and 2008-06 to be significant deficiencies in internal control over financial reporting as described in the accompanying schedule of findings.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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 considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

In a separate letter to Township's management dated October 22, 2009, we reported other matters involving internal controls over financial reporting we did not deem significant deficiencies.

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 such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as Findings 2008-02 through 2008-05.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated October 22, 2009.

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

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

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

October 22, 2009

**Jackson Township
Wyandot County, Ohio
Schedule of Findings
December 31, 2008 and 2007**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-01
Significant deficiency

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, we noted the following errors in the financial statements that required audit adjustments or reclassification. In 2008, the Fiscal Officer improperly recorded real estate tax receipts net of homestead and rollback receipts. Adjustments were made for \$1,747 in the General Fund and \$836 in the Special Revenue Funds.

The audited financial statements reflect the above adjustments.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Response by Township

No response received.

Finding Number 2008-02
Noncompliance

Ohio Revised Code (ORC) Section 7505.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the Treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the fiscal officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. During our testing of disbursements, we noted that funds were not encumbered prior to expenditure for twelve of the twenty-nine disbursements tested.

Response by Township

No response received.

**Jackson Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2008 and 2007**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-03
Noncompliance

ORC Section 5705.44 states that for contracts extending beyond the fiscal year end, the fiscal officer of the taxing authority shall make a certification for the amount required to meet the obligation of such contract maturing in a subsequent fiscal year. The amount of the unfilled obligation under such contract shall be included in the annual appropriation measure for the next year as a fixed charge. During our search for unrecorded liabilities we identified one payment totaling \$35,790 extending beyond 2007 that was not encumbered. This encumbrance is reflected in the audited financial statements.

Response by Township

No response received.

Finding Number 2008-04
Noncompliance

ORC Section 570.03 prescribes minimum bond requirements for the fiscal officer for terms beginning after November 5, 2005 based on the annual budget of the Township. The Township's budget according to the official Certificate of Estimated Resources for 2008 is \$338,538, which would require a minimum bond of \$85,000 for the Fiscal Officer. The Fiscal Officer's bond coverage in effect was \$60,000.

Response by Township

No response received.

**Jackson Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2008 and 2007**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-05
Noncompliance

Recent changes to ORC Section 149.43 require that public offices update public records policies. Specifically, by September 29, 2007, all public offices were required to adopt a public records policy that described how the public office will be responding to public records requests. The section also details three specific items that may not be included in the public records policy. Once adopted, the public office is required to post the policy via a poster in certain locations and include it in the entity's employee manual. To date, the Township minutes do not reflect adoption of the required public records policy.

Response by Township

No response received.

Finding Number 2008-06
Significant deficiency

ORC Section 5705.36 requires the Township to certify available revenue by fund for the coming year on or about January 1. On this certification, the Township reports actual unencumbered cash balances by fund at the end of the previous year and expected revenues for the coming year by fund to arrive at estimated total revenues available for expenditure. The County Budget Commission provides the Official Certificate of Estimated Revenues to the Township based on the amounts reported by the Township. Estimated revenues expected to be received during the year and reported to the County Budget Commission should be entered into the Uniform Accounting Network (UAN) program as estimated receipts. Although the certification was filed in a timely manner each year, the estimated receipts in the UAN system did not agree to the Official Certificate of Estimated Resources for the Road and Bridge and Cemetery Funds in 2008 and for the Gasoline Tax and Cemetery Funds in 2007.

ORC Section 5705.38 requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. The Ohio Administrative Code Section 117-2-02(c)(1) states in part: all local public offices should integrate the budgetary accounts into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

Having budgetary information in UAN that does not agree to the official budgetary documents limits the Township's ability to monitor budget versus actual and recognize when an amended certificate might be necessary.

Response by Township

No response received.



Mary Taylor, CPA
Auditor of State

JACKSON TOWNSHIP

WYANDOT 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
JANUARY 12, 2010**