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Marietta, OH 45750
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1035 Murdoch Ave.
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104 South Sugar St.
St. Clairsville, OH 43950
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Certified Public Accountants, A.C.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY
Regular Audit**

For the Years Ended December 31, 2014 and 2015

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Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
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Members: American Institute of Certified Public Accountants

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Jackson Township
12184 Christianburg-Jackson Road
Christianburg, Ohio 43072

We have reviewed the *Independent Auditor's Report* of Jackson Township, Champaign County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. 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.

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 22, 2016

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JACKSON TOWNSHIP
CHAMPAIGN COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	5
Notes to the Financial Statements	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Audit Findings	15
Schedule of Prior Audit Findings	17



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INDEPENDENT AUDITOR'S REPORT

June 27, 2016

Jackson Township
Champaign County
12184 Christianburg-Jackson Road, P.O. Box 114
Christianburg, Ohio 43072

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Jackson Township, Champaign County**, (the Township) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.



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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinions on this accounting basis are in the *Additional Opinion Qualification* and *Unmodified Opinion on Regulatory Basis of Accounting* paragraphs below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

The Township reported the Cemetery Endowment/Bequest Funds, totaling \$20,173 and \$20,101 at December 31, 2015 and 2014, respectively, and representing 100 percent of the ending fund balance of the Permanent Fund, without obtaining the trust agreements to support this classification. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Permanent Fund Cemetery Endowment/Bequest Funds. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Modification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined permanent fund cash balances of Jackson Township, Champaign County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the General, Special Revenue and Debt Service funds combined cash balances of Jackson Township, Champaign County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 45,506	\$ 231,018	\$ -	\$ -	\$ 276,524
Licenses, Permits, and Fees	3,143	-	-	-	3,143
Intergovernmental	23,717	130,150	4,800	-	158,667
Special Assessments	-	1,150	-	-	1,150
Earnings on Investments	549	133	10	75	767
Miscellaneous	2,238	29	-	-	2,267
<i>Total Cash Receipts</i>	<u>75,153</u>	<u>362,480</u>	<u>4,810</u>	<u>75</u>	<u>442,518</u>
Cash Disbursements					
Current:					
General Government	36,247	31,358	-	-	67,605
Public Safety	-	63,554	-	-	63,554
Public Works	-	488,567	-	-	488,567
Health	15,073	-	-	3	15,076
Other	-	665	-	-	665
Debt Service:					
Principal Retirement	-	-	3,254	-	3,254
<i>Total Cash Disbursements</i>	<u>51,320</u>	<u>584,144</u>	<u>3,254</u>	<u>3</u>	<u>638,721</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>23,833</u>	<u>(221,664)</u>	<u>1,556</u>	<u>72</u>	<u>(196,203)</u>
Other Financing Receipts					
Sale of Capital Assets	6,050	-	-	-	6,050
Total Other Financing Receipts	<u>6,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,050</u>
<i>Net Change in Fund Cash Balances</i>	29,883	(221,664)	1,556	72	(190,153)
<i>Fund Cash Balances, January 1</i>	<u>195,103</u>	<u>565,446</u>	<u>9,349</u>	<u>20,101</u>	<u>789,999</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	19,700	19,700
Restricted	-	343,782	10,905	473	355,160
Unassigned	224,986	-	-	-	224,986
<i>Fund Cash Balances, December 31</i>	<u>\$ 224,986</u>	<u>\$ 343,782</u>	<u>\$ 10,905</u>	<u>\$ 20,173</u>	<u>\$ 599,846</u>

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

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 45,494	\$ 233,311	\$ -	\$ -	\$ 278,805
Licenses, Permits, and Fees	3,574	-	-	-	3,574
Intergovernmental	14,244	125,074	3,600	-	142,918
Special Assessments	-	1,368	-	-	1,368
Earnings on Investments	569	138	9	68	784
Miscellaneous	280	614	-	-	894
<i>Total Cash Receipts</i>	<u>64,161</u>	<u>360,505</u>	<u>3,609</u>	<u>68</u>	<u>428,343</u>
Cash Disbursements					
Current:					
General Government	59,253	38,905	-	-	98,158
Public Safety	-	26,250	-	-	26,250
Public Works	156	124,204	-	-	124,360
Health	15,480	-	-	3	15,483
Capital Outlay	42,394	10,000	-	-	52,394
Debt Service:					
Principal Retirement	-	-	3,254	-	3,254
<i>Total Cash Disbursements</i>	<u>117,283</u>	<u>199,359</u>	<u>3,254</u>	<u>3</u>	<u>319,899</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(53,122)</u>	<u>161,146</u>	<u>355</u>	<u>65</u>	<u>108,444</u>
Other Financing Receipts					
Sale of Capital Assets	17,500	-	-	-	17,500
Total Other Financing Receipts	<u>17,571</u>	<u>(71)</u>	<u>-</u>	<u>-</u>	<u>17,500</u>
<i>Net Change in Fund Cash Balances</i>	<u>(35,551)</u>	<u>161,075</u>	<u>355</u>	<u>65</u>	<u>125,944</u>
<i>Fund Cash Balances, January 1</i>	<u>230,654</u>	<u>404,371</u>	<u>8,994</u>	<u>20,036</u>	<u>664,055</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	19,700	19,700
Restricted	-	565,446	9,349	401	575,196
Unassigned	195,103	-	-	-	195,103
<i>Fund Cash Balances, December 31</i>	<u>\$ 195,103</u>	<u>\$ 565,446</u>	<u>\$ 9,349</u>	<u>\$ 20,101</u>	<u>\$ 789,999</u>

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

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Township participates in a public entity risk pool. Note 7 the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members").

The Township's management believes these financial statements present all activities for which the Township is financially accountable. Note 7 to the financial statement describes these assets.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

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

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

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

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

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

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

3. Debt Service Funds

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

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

4. Permanent Funds

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

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

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

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand deposits	\$ 550,626	\$ 740,808
Certificates of Deposit	22,200	22,200
Total deposits	572,827	763,008
STAR Ohio	27,018	26,989
Total deposits and investments	\$ 599,846	\$ 789,999

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

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

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 61,500	\$ 81,203	\$ 19,703
Special Revenue	325,175	362,480	37,305
Debt Service	3,210	4,810	1,600
Permanent	75	75	-
Total	<u>\$ 389,960</u>	<u>\$ 448,568</u>	<u>\$ 58,608</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 257,604	\$ 51,320	\$ 206,284
Special Revenue	890,399	584,144	306,255
Debt Service	12,559	3,254	9,305
Permanent	691	3	688
Total	<u>\$ 1,161,253</u>	<u>\$ 638,721</u>	<u>\$ 522,532</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,395	\$ 81,732	\$ 27,337
Special Revenue	316,518	367,487	50,969
Debt Service	3,200	3,609	409
Permanent	69	68	(1)
Total	<u>\$ 374,182</u>	<u>\$ 452,896</u>	<u>\$ 78,714</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 285,049	\$ 117,283	\$ 167,766
Special Revenue	720,891	206,412	514,479
Debt Service	12,194	3,254	8,940
Permanent	625	3	622
Total	<u>\$ 1,018,759</u>	<u>\$ 326,952</u>	<u>\$ 691,807</u>

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

4. PROPERTY TAX

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

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

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$32,541	0%
Total	\$32,541	

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

Amortization of the above debt, including interest, is scheduled as follows:

	Principal	Interest	Principal and Interest
Year ending December 31:			
2016	\$1,627	\$0	\$1,627
2017	3,254	0	3,254
2018	3,254	0	3,254
2019	3,254	0	3,254
2020	3,254	0	3,254
2021-2025	17,898	0	17,898
Total	\$32,541	\$0	\$32,541

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). 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 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

7. RISK MANAGEMENT

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014 (the latest information available).

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	<u>(7,968,395)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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



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

June 27, 2016

Jackson Township
Champaign County
12184 Christianburg-Jackson Road, PO Box 114
Christianburg, Ohio 43072

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United State and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Jackson Township**, Champaign County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 27, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the recording of Cemetery Endowment/Bequest funds as Permanent funds.

Internal Control Over Financial Reporting

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

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



...“bringing more to the table”

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• Association of Certified Anti - Money Laundering Specialists •



Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Township's Response to Findings

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 responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness

Posting Receipts and Disbursements

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2015 and 2014, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

- The sale of a Township tractor was posted as a Miscellaneous receipt instead of Sale of Capital Assets in 2014;
- The sale of a Township building was posted as a Miscellaneous receipt instead of Sale of Capital Assets in 2015;
- Special Assessment was posted as a Miscellaneous receipt instead of Special Assessment in 2015;
- Out-of-pocket health insurance reimbursements were not recorded to the appropriate funds in relation to payroll certifications in 2015 and 2014;
- Numerous expenses were not recorded to the appropriate classification in 2015 and 2014;
- Transfer was incorrectly recorded as an expense out of the FEMA fund, and Licenses, Permits and Fees and Miscellaneous revenue in the General, Motor Vehicle License Tax and Gasoline Tax funds in 2014.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification entries and adjustments. The financial statements reflect all reclassifications and adjustments. The client has made all adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt accounts.

Management's Response – The sale of tractor and building (shed) was posted as misc non operating revenue, because the previous five audits did not correct the township on the sale of equipment as a non-operating revenue. The special assessment was the clean up of an abandon mobile home paid for out of the general fund. The assessment was receipted back into the general fund skipping the process of being recorded to the proper classification. The township followed the uan recommendations in regards to the FEMA money transfers.

**JACKSON TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

FINDING NUMBER 2015-002

Material Weakness

Documentation for Permanent Funds

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

The Township presented Cemetery Endowment/Bequest Funds as Permanent Funds without basing this decision on the original trust agreements. The Endowment/Bequest Funds represented 100% of the Permanent Funds, totaling \$20,173 and \$20,101 at December 31, 2015 and 2014, respectively. Without the original trust agreements it is not possible to determine whether the Cemetery Endowment/Bequest Funds should be presented as Permanent Funds (benefit to the Township) or Private Purpose Trust Funds (benefit to other organizations, governments, or individuals). In addition, the lack of trust agreements may be an indication these funds can be completely spent which would result in the Funds being classified as Special Revenue Funds. As a result, it could not be determined if the financial statements were accurately stated.

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

Management's Response – The township has proof of interest income only to be spent from the endowment funds on approximately half \$11,000.00. The township will seek legal council for support on the remaining trust agreements.

JACKSON TOWNSHIP
CHAMPAIGN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2013-001	Material Weakness – Financial Reporting	No	Repeated as Finding 2015-001
2013-002	Material Weakness – Documentation for Permanent Funds	No	Repeated as Finding 2015-002



Dave Yost • Auditor of State

JACKSON TOWNSHIP

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 6, 2016**