

***JACKSON TOWNSHIP  
NOBLE COUNTY  
AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2016 & 2015***







# Dave Yost • Auditor of State

Board of Trustees  
Jackson Township  
18614 Crooked Tree Road  
Dexter City, Ohio 45727

We have reviewed the *Independent Auditor's Report* of Jackson Township, Noble County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2016. 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 cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

August 2, 2017

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**JACKSON TOWNSHIP  
NOBLE COUNTY  
AUDIT REPORT  
For the Years Ending December 31, 2016 and 2015**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

Jackson Township  
Noble County  
18614 Crooked Tree Road  
Dexter City, Ohio 45727

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, Noble County (the Township), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements.

***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.

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

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

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 opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph 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, 2016 and 2015, or changes in financial position thereof for the years then ended.

***Basis for Adverse Opinion on Regulatory Basis of Accounting***

During the audit covering January 1, 2011 to December 31, 2012, the Trustees' were paid \$22,796 from the Gasoline Tax Special Revenue fund without the required documentation or certification of their hours worked in 2012. This cost should have been charged to the General Fund. In addition, the Fiscal Officer was paid \$5,305 from the Gasoline Tax and \$2,122 from the Road and Bridge, Special Revenue Funds in 2012 without the required documentation or certification of her hours. These costs should have been paid from the General Fund. The Township has repaid \$18,189 from the General Fund to the Gasoline Tax fund as of December 31, 2016. The General Fund still has unpaid amounts owed to the Gasoline Tax and Road and Bridge, Special Revenue funds of \$9,912 and \$2,122, respectively, as of December 31, 2016.

***Adverse Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above do not present fairly, in all material respects, the combined cash balances of Jackson Township, Noble County, as of December 31, 2016 and 2015, 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 2.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2017 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.



***Charles E. Harris & Associates, Inc.***  
June 12, 2017

JACKSON TOWNSHIP  
NOBLE COUNTY  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Cash Balances  
All Governmental Fund Types  
For the Year Ended December 31, 2016

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 9,216	\$ 24,398	-	\$ 33,614
Intergovernmental	16,004	108,385	-	124,389
Earnings on Investments	38	10	-	48
Miscellaneous	-	1,200	-	1,200
<i>Total Cash Receipts</i>	<u>25,258</u>	<u>133,993</u>	<u>-</u>	<u>159,251</u>
<b>Cash Disbursements</b>				
Current:				
General Government	8,929	34,164	-	43,093
Public Safety	-	3,138	-	3,138
Public Works	-	53,309	-	53,309
Health	1,072	6,391	-	7,463
Debt Service:				
Principal Retirement	-	10,851	-	10,851
Interest and Fiscal Charges	-	326	-	326
<i>Total Cash Disbursements</i>	<u>10,001</u>	<u>108,179</u>	<u>-</u>	<u>118,180</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	15,257	25,814	-	41,071
<b>Other Financing Receipts (Disbursements)</b>				
Advances In	-	9,358	-	9,358
Advances Out	(9,358)	-	-	(9,358)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(9,358)</u>	<u>9,358</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	5,899	35,172	-	41,071
<i>Fund Cash Balances, January 1</i>	<u>14,088</u>	<u>66,579</u>	<u>\$ 132</u>	<u>80,799</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	101,751	132	101,883
Unassigned	19,987	-	-	19,987
<i>Fund Cash Balances, December 31</i>	<u>\$ 19,987</u>	<u>\$ 101,751</u>	<u>\$ 132</u>	<u>\$ 121,870</u>

*See accompanying notes to the financial statements*

JACKSON TOWNSHIP  
NOBLE COUNTY  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Cash Balances  
All Governmental Fund Types  
For the Year Ended December 31, 2015

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 8,692	\$ 15,765	-	\$ 24,457
Intergovernmental	20,649	116,075	-	136,724
Earnings on Investments	14	11	-	25
Miscellaneous	-	700	-	700
<i>Total Cash Receipts</i>	<u>29,355</u>	<u>132,551</u>	<u>-</u>	<u>161,906</u>
<b>Cash Disbursements</b>				
Current:				
General Government	9,068	39,327	-	48,395
Public Safety	-	4,433	-	4,433
Public Works	-	120,348	-	120,348
Health	3,616	4,606	-	8,222
Debt Service:				
Principal Retirement	-	10,453	-	10,453
Interest and Fiscal Charges	-	725	-	725
<i>Total Cash Disbursements</i>	<u>12,684</u>	<u>179,892</u>	<u>-</u>	<u>192,576</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	16,671	(47,341)	-	(30,670)
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	552	-	552
Transfers Out	(552)	-	-	(552)
Advances In	-	8,831	-	8,831
Advances Out	(8,831)	-	-	(8,831)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(9,383)</u>	<u>9,383</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	7,288	(37,958)	-	(30,670)
<i>Fund Cash Balances, January 1</i>	<u>6,800</u>	<u>104,537</u>	<u>\$ 132</u>	<u>111,469</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	66,579	132	66,711
Unassigned	14,088	-	-	14,088
<i>Fund Cash Balances, December 31</i>	<u>\$ 14,088</u>	<u>\$ 66,579</u>	<u>\$ 132</u>	<u>\$ 80,799</u>

See accompanying notes to the financial statements

**Jackson Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Jackson Township, Noble County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Beverly and the Caldwell Volunteer Fire Company to provide fire services and emergency medical services.

***Public Entity Risk Pools***

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program. Note 6 to the financial statements provides additional information about this entity.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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:

***Gas Tax Fund*** This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

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

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. There was no activity in 2016 or 2015.

**Jackson Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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***Basis of Accounting***

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.

***Budgetary Process***

The Ohio Revised Code requires that each fund 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. Unencumbered appropriations lapse at year-end.

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

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

A summary of 2016 and 2015 budgetary activity appears in Note 3.

***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.

***Capital Assets***

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

***Accumulated Leave***

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

**Jackson Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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***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:

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

***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.

***Committed*** The 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.

***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. The Township may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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

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

**Jackson Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,786	\$25,258	\$472
Special Revenue	130,990	133,993	3,003

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$38,873	\$10,001	\$28,872
Special Revenue	191,774	108,179	83,595

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,500	\$29,355	\$13,855
Special Revenue	129,240	133,103	3,863

2015 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$22,300	\$13,236	\$9,064
Special Revenue	227,980	179,892	48,088

**Note 4 – Deposits**

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:

	2016	2015
Demand deposits	\$121,870	\$80,799

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.

**Jackson Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 5 – Property Taxes**

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.

Public utilities are also taxed on personal and real property located within the Township. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**Note 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 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.



**Jackson Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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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, 2016.

	<b>2016</b>	<b>2015</b>
Assets	\$38,473,283	\$37,313,311
Liabilities	8,244,140	8,418,518
Net Position	\$30,229,143	\$28,894,793

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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.

<b><u>2016 Contributions to OTARMA</u></b>
\$3,517

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2016.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Farmers & Merchant Bank	\$2,777	3.75%

The Farmers & Merchants Bank Loan was entered into to finance the purchase of a tractor for the Township. The loan will be repaid in 35 installments of \$931 and an irregular last payment estimated at \$932 and 3.75% interest.

***Amortization***

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

	Farmers & Merchant Bank
Year ending December 31: 2017	\$2,794

**Note 10 – Contingent Liabilities**

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any lawsuit, they believe the resolution of these matters will not materially affect the Township's financial condition.

**Jackson Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 11 – Fund Adjustments**

During 2016 and 2015 the Township made adjustments from the General Fund to the Special Revenue Gasoline Tax Fund of \$9,358 and \$8,831, respectively. At December 31, 2016, the following funds had adjustments which the Township has not made in the following amounts:

Adjustment balance reconciliation at December 31, 2016:

<u>Fund</u>	January 1, 2015 Adjustments not Made	2015 Adjustments Made	2015 Adjustments Made	December 31, 2016 Adjustments not Made
General Fund	(\$30,223)	\$8,831	\$9,358	(\$12,034)
Special Revenue	30,223	(8,831)	(9,358)	12,034

Effect on fund balances at December 31, 2016:

<u>Fund</u>	December 31, 2016 Balance	Adjustments Not Made	Effect on December 31, 2016 Balance
General Fund	\$ 19,987	(\$12,034)	\$ 7,953
Special Revenue	107,751	12,034	119,785

The Township continues to monitor all expenditures of the General Fund.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Jackson Township  
Noble County  
18614 Crooked Tree Road  
Dexter City, Ohio 45727

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of Jackson Township, Noble County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 12, 2017. We noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits. We issued an adverse opinion on the 2016 and 2015 financial statements due to the Township declining to make adjustments for mispostings from a prior year.

***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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

***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*.

***Entity's Response to Finding***

The Township's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Township's response and, accordingly, we express no opinion on it.

***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.



***Charles E. Harris & Associates, Inc.***  
May 17, 2017

**JACKSON TOWNSHIP  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b></p>
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**FINDING NUMBER 2016-001**

**Finding Number 2016-001 - Material Weakness**

During 2016 and 2015, the Township erroneously recorded numerous transactions. The more significant adjustments are as follows:

- Recorded rollback/homestead money as property and other local taxes instead of intergovernmental receipts
- Recorded property taxes as intergovernmental receipts instead of property and other local taxes
- Recorded OTARMA capital distribution money as intergovernmental receipts instead of miscellaneous

Adjustments were made in the financial statements and the Township's records to reflect the proper presentation.

The Ohio Township Handbook and the UAN manual provide suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned guidance will provide the Township with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

We recommend that the Township refer to the Ohio Township Handbook, the UAN manual and AOS guidance to properly classify its transactions. We also recommend the Fiscal Officer review all reports from the computer software to ensure their accuracy.

**Management Response:**

See Corrective Action Plan.

JACKSON TOWNSHIP  
 NOBLE COUNTY  
 For the Years Ended December 31, 2016 and 2015

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2014-001	Township erroneously recorded numerous transactions.	Not corrected	Repeated as Finding 2016-001
2014-002	Seven of twenty timesheets tested were not signed by the employee nor the department head.	Fully corrected	

JACKSON TOWNSHIP  
NOBLE COUNTY

CORRECTIVE ACTION PLAN  
December 31, 2016 and 2015

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2016-001	Fiscal Officer will refer to the Township handbook and UAN manual to properly classify transactions	Immediately	Susie Chandler, Fiscal Officer





# Dave Yost • Auditor of State

JACKSON TOWNSHIP

NOBLE 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  
AUGUST 15, 2017