



OHIO AUDITOR OF STATE
KEITH FABER



**JACKSON TOWNSHIP
PAULDING COUNTY
DECEMBER 31, 2018 AND 2017**

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INDEPENDENT AUDITOR'S REPORT

Jackson Township
Paulding County
P.O. Box 21
Paulding, Ohio 45879-0021

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, Paulding County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017.

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 such 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 (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 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, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Jackson Township, Paulding County, Ohio as of December 31, 2018 and 2017, 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 November 1, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

November 1, 2019

**JACKSON TOWNSHIP
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$29,878	\$133,965	\$163,843
Licenses, Permits and Fees		5,100	5,100
Fines and Forfeitures	665		665
Intergovernmental	19,251	104,412	123,663
Earnings on Investments	526	257	783
Miscellaneous	3,594	2,370	5,964
<i>Total Cash Receipts</i>	<u>53,914</u>	<u>246,104</u>	<u>300,018</u>
Cash Disbursements			
Current:			
General Government	62,376	931	63,307
Public Safety		27,919	27,919
Public Works		174,174	174,174
Health	641	17,219	17,860
<i>Total Cash Disbursements</i>	<u>63,017</u>	<u>220,243</u>	<u>283,260</u>
<i>Net Change in Fund Cash Balances</i>	(9,103)	25,861	16,758
<i>Fund Cash Balances, January 1</i>	<u>96,981</u>	<u>295,031</u>	<u>392,012</u>
Fund Cash Balances, December 31			
Restricted		232,757	232,757
Committed		88,135	88,135
Assigned	87,878		87,878
<i>Fund Cash Balances, December 31</i>	<u><u>\$87,878</u></u>	<u><u>\$320,892</u></u>	<u><u>\$408,770</u></u>

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

**JACKSON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Jackson Township, Paulding County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Paulding to provide ambulance services and the Paulding Community Fire Association for fire protection services.

Joint Venture and Public Entity Risk Pool

The Township participates in a joint venture, the Paulding Community Fire Association, and a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Notes 6 and 9 to the financial statements provide additional information for these entities. The Township's management 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.

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:

Gasoline Tax Fund The gasoline tax 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 The road and bridge fund accounts for and reports property tax money for constructing, maintaining, and repairing Township roads and bridges.

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.

**JACKSON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

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. 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 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 canceled, and reappropriated in the subsequent year.

A summary of 2018 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.

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 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.

**JACKSON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,099	\$53,914	\$815
Special Revenue	239,094	246,104	7,010
Total	\$292,193	\$300,018	\$7,825

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$150,080	\$63,017	\$87,063
Special Revenue	534,125	220,243	313,882
Total	\$684,205	\$283,260	\$400,945

Note 4 – Deposits

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

	2018
Demand deposits	\$408,770

Deposits

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

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**JACKSON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

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 belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

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, 2017 (the latest information available):

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u><u>\$5,292,512</u></u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

**JACKSON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Social Security

One Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employee contributed 6.2 percent of their gross salary. The Township contributed an amount equal to 6.2 percent of the participant's gross salary. The Township has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – Joint Venture

The Paulding Community Fire Association (PCFA) is a joint venture which provides firefighting services to three townships and three villages (member subdivisions) within Paulding County. The PCFA relies upon its member subdivisions for the funding of its operations. Each member subdivision has a vote on the operating budget of the PCFA. The member subdivisions share of the PCFA budget is based on a ratio which incorporates the number of fire runs taking place within its subdivision plus current subdivision valuation in relation to overall fire runs and valuation. The Village of Paulding serves as fiscal agent for the PCFA. The Township's share of the budget was \$13,356 for 2018.

Note 10 – Miscellaneous Receipts

Miscellaneous receipts in the General Fund primarily consisted of payment in lieu of taxes receipts.

**JACKSON TOWNSHIP
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$26,103	\$89,103	\$115,206
Licenses, Permits and Fees		4,400	4,400
Fines and Forfeitures	345		345
Intergovernmental	22,370	112,757	135,127
Earnings on Investments	446	226	672
Miscellaneous	3,974	2,191	6,165
<i>Total Cash Receipts</i>	<u>53,238</u>	<u>208,677</u>	<u>261,915</u>
Cash Disbursements			
Current:			
General Government	46,479	3,500	49,979
Public Safety		27,451	27,451
Public Works		126,986	126,986
Health	641	16,722	17,363
<i>Total Cash Disbursements</i>	<u>47,120</u>	<u>174,659</u>	<u>221,779</u>
<i>Net Change in Fund Cash Balances</i>	6,118	34,018	40,136
<i>Fund Cash Balances, January 1</i>	<u>90,863</u>	<u>261,013</u>	<u>351,876</u>
Fund Cash Balances, December 31			
Restricted		237,309	237,309
Committed		57,722	57,722
Assigned	96,981		96,981
<i>Fund Cash Balances, December 31</i>	<u><u>\$96,981</u></u>	<u><u>\$295,031</u></u>	<u><u>\$392,012</u></u>

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

**JACKSON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Jackson Township, Paulding County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Paulding to provide ambulance services and the Paulding Community Fire Association for fire protection services.

Joint Venture and Public Entity Risk Pool

The Township participates in a joint venture, the Paulding Community Fire Association, and a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Notes 6 and 9 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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Fund Accounting

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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 Fund:

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

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.

**JACKSON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

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.

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.

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

A summary of 2017 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.

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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:

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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 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.

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.

**JACKSON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,605	\$53,238	\$9,633
Special Revenue	205,719	208,677	2,958
Total	\$249,324	\$261,915	\$12,591

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$134,467	\$47,120	\$87,347
Special Revenue	466,732	174,659	292,073
Total	\$601,199	\$221,779	\$379,420

Note 4 – Deposits

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

	2017
Demand deposits	\$392,012

Deposits

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

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**JACKSON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

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 belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

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, 2017:

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$5,292,512</u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

**JACKSON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Social Security

One Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employee contributed 6.2 percent of their gross salary. The Township contributed an amount equal to 6.2 percent of the participant's gross salary. The Township has paid all contributions required through December 31, 2017.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 1 percent during calendar year 2017. The portion of employer contributions to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2017.

Note 9 – Joint Venture

The Paulding Community Fire Association (PCFA) is a joint venture which provides firefighting services to three townships and three villages (member subdivisions) within Paulding County. The PCFA relies upon its member subdivisions for the funding of its operations. Each member subdivision has a vote on the operating budget of the PCFA. The member subdivisions share of the PCFA budget is based on a ratio which incorporates the number of fire runs taking place within its subdivision plus current subdivision valuation in relation to overall fire runs and valuation. The Village of Paulding serves as fiscal agent for the PCFA. The Township's share of the budget was \$13,350 for 2017.

Note 10 – Miscellaneous Receipts

Miscellaneous receipts in the General Fund primarily consisted of payment in lieu of taxes receipts.

OHIO AUDITOR OF STATE KEITH FABER



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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

Jackson Township
Paulding County
P.O. Box 21
Paulding, Ohio 45879-0021

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, Paulding County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated November 1, 2019, 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.

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.

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 2018-001 to be a material weakness.

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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*.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

November 1, 2019

**JACKSON TOWNSHIP
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. The following errors were identified in the accompanying financial statements:

- In 2018 and 2017, General Fund subsequent year appropriations in excess of estimated receipts were incorrectly classified as unassigned instead of assigned fund balance by \$87,878 and \$96,981, respectively.
- In 2018 and 2017, assigned fund balance was overstated and restricted fund balance was understated in the Special Revenue Motor Vehicle License Tax Fund by \$30,675 and \$31,586, respectively.
- In 2018 and 2017, assigned fund balance was overstated and restricted fund balance was understated in the Special Revenue Gasoline Tax Fund by \$86,611 and \$104,106, respectively.
- In 2018 and 2017, committed fund balance was overstated and restricted fund balance was understated in the Special Revenue Cemetery Fund by \$13,203 and \$14,107, respectively.
- In 2018 and 2017, committed fund balance was overstated and restricted fund balance was understated in the Special Revenue Fire District Fund by \$38,343 and \$31,989, respectively.
- In 2018 and 2017, committed fund balance was overstated and restricted fund balance was understated in the Special Revenue Special Levy EMS Fund by \$37,348 and \$28,610, respectively.
- In 2018 and 2017, assigned fund balance was overstated and restricted fund balance was understated in the Special Revenue Permissive Motor Vehicle License Tax Fund by \$26,577 and \$26,911, respectively.
- In 2017, homestead and rollback receipts totaling \$3,119 were incorrectly classified as property and other local taxes instead of intergovernmental revenue in the General Fund.
- In 2017, homestead and rollback receipts totaling \$9,574 were incorrectly classified as property and other local taxes instead of intergovernmental revenue in the Special Revenue Funds.
- In 2017, Budgeted Receipts in the budgetary note to the financial statements did not agree to amounts certified by the County Budget Commission in the General and Special Revenue Funds by \$43,605 and \$205,719, respectively.
- In 2017, Actual Receipts in the budgetary note to the financial statements were understated by \$53,238 and \$208,677 in the General and Special Revenue Funds, respectively.
- In 2018, Budgeted Receipts in the budgetary note to the financial statements did not agree to amounts certified by the County Budget Commission in the General and Special Revenue Funds by \$53,099 and \$239,094, respectively.
- In 2018, Actual Receipts in the budgetary note to the financial statements were understated by \$53,914 and \$264,104 in the General and Special Revenue Funds, respectively.
- In 2018, Appropriation Authority in the budgetary note to the financial statements did not agree to amounts approved by \$20,028 in the Special Revenue Fund.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. As a result, the Township's financial statements and notes to the financial statements did not correctly reflect the financial activity of the Township. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other errors. Additional errors were noted in smaller relative amounts.

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board, to identify and correct errors and omissions. In addition, the Fiscal Officer should review Audit Bulletin 2011-004 for guidance on GASB Statement No. 54.

Officials' Response:

We did not receive a response from Officials to the finding reported above.

Jackson Township
PAULDING COUNTY
P.O. Box 21
Paulding, Ohio 45879-0021

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	This finding was first reported in 2013. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2018-001 in this report.	The Township declined to offer an explanation for why the finding reoccurred or their planned corrective action.
2016-002	This finding was first reported in 2015. Material weakness and noncompliance with Ohio Rev. Code § 5705.40 for improperly posting budgeted appropriations to the accounting system.	Partially corrected and reissued in the Management Letter.	The Township declined to offer an explanation for why the finding reoccurred or their planned corrective action.
2016-003	Material weakness for improperly posting budgeted receipts to the accounting system.	Corrective action taken and finding is fully corrected.	

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OHIO AUDITOR OF STATE KEITH FABER



JACKSON TOWNSHIP

PAULDING 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
NOVEMBER 19, 2019