



OHIO AUDITOR OF STATE  
**KEITH FABER**





**JACKSON TOWNSHIP  
ALLEN COUNTY  
DECEMBER 31, 2019 AND 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Jackson Township  
Allen County  
P.O. Box 7158  
Lafayette, Ohio 45854

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, Allen County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

### ***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 1 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, 2019 and 2018, 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, Allen County as of December 31, 2019 and 2018, 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 1.

***Emphasis of Matter***

As discussed in Note 11 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2020, 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

May 13, 2020

**Jackson Township**  
*Allen County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$75,762	\$212,650	\$288,412
Charges for Services		44,165	44,165
Licenses, Permits and Fees		11,072	11,072
Intergovernmental	66,445	179,362	245,807
Earnings on Investments	16,788	5,843	22,631
Miscellaneous	3,401	7,522	10,923
<i>Total Cash Receipts</i>	<u>162,396</u>	<u>460,614</u>	<u>623,010</u>
<b>Cash Disbursements</b>			
Current:			
General Government	113,081	6,880	119,961
Public Safety		134,757	134,757
Public Works		148,032	148,032
Health	11,927	13,290	25,217
Capital Outlay	27,322	44,188	71,510
<i>Total Cash Disbursements</i>	<u>152,330</u>	<u>347,147</u>	<u>499,477</u>
<i>Excess of Receipts Over Disbursements</i>	<u>10,066</u>	<u>113,467</u>	<u>123,533</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		4,000	4,000
Transfers Out	(4,000)		(4,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(4,000)</u>	<u>4,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	6,066	117,467	123,533
<i>Fund Cash Balances, January 1</i>	<u>434,511</u>	<u>691,795</u>	<u>1,126,306</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		702,956	702,956
Committed		106,306	106,306
Assigned	42,167		42,167
Unassigned (Deficit)	398,410		398,410
<i>Fund Cash Balances, December 31</i>	<u>\$440,577</u>	<u>\$809,262</u>	<u>\$1,249,839</u>

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

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**Jackson Township**  
*Allen County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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, Allen 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 owns and operates the Lafayette-Jackson Township Fire Department through volunteer fire fighters and EMS personnel of the Lafayette-Jackson Fire Association, to provide fire services and to provide ambulance services.

In 1985, the Village of Lafayette and Jackson Township entered into an agreement for the construction of a community hall. The Village provided the land and Jackson Township was responsible for the cost of the construction of the building. The Township pays an annual fee of \$1 and provides an office for the Village for the lease of the ground. The Township pays for the maintenance and utilities of the building, which includes a monthly sewer charge paid to the Village.

The Township participates in a public entity risk pool which is the Ohio Township Association Risk Management Authority (OTARMA) public entities risk pool. Note 8 to the financial statements provides additional information for this entity.

The Township participates in one jointly governed organization which is the Lima-Allen County Regional Planning Commission. Note 12 to the financial statements provides additional information for this organization.

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

**B. Accounting Basis**

These financial statements follow the accounting basis 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 values Certificates of Deposit, checking, and savings accounts at cost.

**D. Basis of Presentation**

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

**Jackson Township**  
*Allen County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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. 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.

**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 Special Revenue Funds:

Motor Vehicle License Tax Fund - This fund receives tax from motor vehicle licensing and is used primarily for the maintenance of roadways and purchase of ditch and roadway equipment.

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

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

Cemetery Fund - This fund receives funds from the sale of cemetery plots. The maintenance and operation of the cemetery runs through this fund.

Fire District Fund - This fund receives property tax money and is used for the maintenance and operations of the Volunteer Fire Department.

Zoning Fund - This fund receives permit fees collected by the zoning inspector to enforce the zoning regulations. The primary expenditures are wages for the zoning inspector.

**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.

**Jackson Township**  
*Allen County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**3. 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 re-appropriated.

A summary of 2019 and 2018 budgetary activity appears in Note 3.

**F. 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.

**G. 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.

**H. 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:

***Non-spendable*** - The Township classifies assets as *non-spendable* 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.

***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**  
*Allen County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**2. Equity in Pooled Deposits**

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

	2019
Demand deposits	\$100,838
Certificates of deposit (CDARS)	\$1,000,000
Other time deposits (ICS Savings)	\$149,001
Total deposits	\$1,249,839

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation (FDIC) or collateralized by the financial institution's public entity deposit pool. CDARS program and Promontory ICS savings are also FDIC insured by limiting deposits to participating banks to \$250,000 in this program.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$153,550	\$162,396	\$8,846
Special Revenue	444,950	464,614	19,664
Total	\$598,500	\$627,010	\$28,510

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$185,245	\$156,330	\$28,915
Special Revenue	571,825	347,147	224,678
Total	\$757,070	\$503,477	\$253,593

**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 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.

Public utilities are also taxed on personal and real property located within the Township.

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

**Jackson Township**  
*Allen County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**5. Debt**

Jackson Township had no outstanding debt in 2019. Most recent debts for the township was a loan, which was obtained in 2009 to finance the purchase of a new ambulance. This debt was paid off in 2014.

**6. Defined Benefit Pension Plans**

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 plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, 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, 2019.

**7. 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 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**8. Risk Management**

**Risk Pool Membership**

The Township is exposed to various risks of property and casualty losses and injuries to employees. The township insures against injuries to employees through the Ohio Bureau of Workers Compensation.

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31: (most recent information)

	<u>2018</u>
Cash and Investments	\$33,097,416
Actuarial Liabilities	\$7,874,610

**Jackson Township**  
*Allen County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**9. Related Party Transactions**

JoAnn Boutwell is married to [Trustee](#) Thad Staley and she handles the cleaning of both the Community Building and the Fire Department on a weekly basis. In 2019 JoAnn Boutwell Cleaning Service was paid \$3,225.00.

**10. Affiliated Organizations Dependent on the Township**

Jackson Township Park Board – The objective of this organization is to operate the township park. The operation, revenue and expenses of the park are the responsibility of the board. Some expenses for property maintenance and building repairs are paid by the Township due to the Jackson Township Trustees owning this property.

Lafayette-Jackson Fire Association – This is an association of the Lafayette-Jackson Fire Department, which is part of Jackson Township. Fire Department receipts and disbursements are received and paid by the Trustees of the Township. The association handles some minor expense and purchases relating to the association. Much of this organization's income is derived from fundraisers and service work, in which they participate. The Trustees contribute to this organization by paying for some of the operating costs.

**11. Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**12. Jointly Governed Organization**

The Lima-Allen County Regional Planning Commission, Allen County, (the Commission) was organized in 1964 under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County Commissioners, and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Marlene Schumaker, Grant coordinator, 130 West North St., Lima, Ohio 45801 or call 419-228-1836, or e-mail [mschumaker@lacrpc.com](mailto:mschumaker@lacrpc.com).

**Jackson Township**  
*Allen County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$73,839	\$212,131	\$285,970
Charges for Services		42,743	42,743
Licenses, Permits and Fees		12,394	12,394
Intergovernmental	65,794	151,878	217,672
Earnings on Investments	9,318	3,597	12,915
Miscellaneous	5,439	7,851	13,290
<i>Total Cash Receipts</i>	<u>154,390</u>	<u>430,594</u>	<u>584,984</u>
<b>Cash Disbursements</b>			
Current:			
General Government	132,186	7,699	139,885
Public Safety		250,570	250,570
Public Works		143,747	143,747
Health	11,943	13,707	25,650
Capital Outlay		1,350	1,350
<i>Total Cash Disbursements</i>	<u>144,129</u>	<u>417,073</u>	<u>561,202</u>
<i>Excess of Receipts Over Disbursements</i>	<u>10,261</u>	<u>13,521</u>	<u>23,782</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		3,000	3,000
Transfers Out	(3,000)		(3,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3,000)</u>	<u>3,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	7,261	16,521	23,782
<i>Fund Cash Balances, January 1</i>	<u>427,250</u>	<u>675,274</u>	<u>1,102,524</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		597,282	597,282
Committed		94,513	94,513
Assigned	31,695		31,695
Unassigned (Deficit)	402,816		402,816
<i>Fund Cash Balances, December 31</i>	<u>\$434,511</u>	<u>\$691,795</u>	<u>\$1,126,306</u>

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

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**Jackson Township**  
*Allen County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**D. Basis of Presentation**

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**Jackson Township**  
*Allen County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**E. Budgetary Process**

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**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.

**Jackson Township**  
*Allen County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**3. 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 re-appropriated.

A summary of 2018 and 2017 budgetary activity appears in Note 3.

**F. Capital Assets**

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**G. 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.

**H. 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:

**Non-spendable** - 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.

**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**  
*Allen County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

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

	2018
Demand deposits	\$227,826
Certificates of deposit (CDARS)	750,000
Other time deposits (ICS Savings)	148,480
Total deposits	\$1,126,306

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation (FDIC) or collateralized by the financial institution's public entity deposit pool. CDARS program and Promontory ICS savings are also FDIC insured by limiting deposits to participating banks to \$250,000 in this program.

**3. Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$131,324	\$154,390	\$23,066
Special Revenue	439,950	433,594	(6,356)
Total	\$571,274	\$587,984	\$16,710

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$169,694	\$147,129	\$22,565
Special Revenue	583,750	417,073	166,677
Total	\$753,444	\$564,202	\$189,242

**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 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.

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.

**Jackson Township**  
*Allen County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**5. Debt**

Jackson Township had no outstanding debt in 2017 or 2018. Most recent debts for the township was a loan, which was obtained in 2009 to finance the purchase of a new ambulance. This debt was paid off in 2014.

**6. Defined Benefit Pension Plans**

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 plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, 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, 2018.

**7. 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.

**8. Risk Management**

**Risk Pool Membership**

The Township is exposed to various risks of property and casualty losses and injuries to employees. The township insures against injuries to employees through the Ohio Bureau of Workers Compensation.

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2018
Cash and Investments	\$33,097,416
Actual Liabilities	\$7,874,620

**Jackson Township**  
*Allen County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**9. Related Party Transactions**

JoAnn Boutwell is married to Trustee Thad Staley and she handles the cleaning of both the Community Building and the Fire Department on a weekly basis. In 2018 JoAnn Boutwell Cleaning Service was paid \$3,097.50

**10. Affiliated Organizations Dependent on the Township**

Jackson Township Park Board – The objective of this organization is to operate the township park. The operation, revenue and expenses of the park are the responsibility of the board. Some expenses for property maintenance and building repairs are paid by the Township due to the Jackson Township Trustees owning this property.

Lafayette-Jackson Fire Association – This is an association of the Lafayette-Jackson Fire Department, which is part of Jackson Township. Fire Department receipts and disbursements are received and paid by the Trustees of the Township. The association handles some minor expense and purchases relating to the association. Much of this organization's income is derived from fundraisers and service work, in which they participate. The Trustees contribute to this organization by paying for some of the operating costs.

**11. Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**12. Jointly Governed Organization**

The Lima-Allen County Regional Planning Commission, Allen County, (the Commission) was organized in 1964 under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County Commissioners, and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Marlene Schumaker, Grant coordinator, 130 West North St., Lima, Ohio 45801 or call 419-228-1836, or e-mail [mschumaker@lacrpc.com](mailto:mschumaker@lacrpc.com).

# OHIO AUDITOR OF STATE KEITH FABER



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WestRegion@ohioauditor.gov

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

Jackson Township  
Allen County  
PO Box 7158  
Lafayette, Ohio 45854

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, Allen County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 13, 2020 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 also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the School District.

### ***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 2019-001 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*.

***Township's Response to Findings***

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

May 13, 2020



**JACKSON TOWNSHIP  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**Material Weakness – Accuracy of 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.

The following errors were identified in the financial statements:

- In 2019, a grant from the Johnny Appleseed Metropolitan Park District in the amount of \$13,500 was classified as miscellaneous receipts instead of intergovernmental receipts in the General Fund;
- At December 31, 2019 and 2018, subsequent year appropriations in the General Fund exceeded estimated receipts by \$42,167 and \$31,695, respectively, and were classified as unassigned fund balance instead of assigned fund balance. Governmental Accounting Standards Board (GASB) Statement No. 54, paragraph 16 (GASB Codification 1800.176) – *Fund Balance Reporting and Governmental Fund Type Definitions*, states an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance;
- At December 31, 2019 and 2018, the fund balance for the Special Revenue Road and Bridge Fund in the amount of \$106,306 and \$94,513, respectively, was classified as restricted fund balance, instead of committed fund balance. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance per GASB Statement No. 54, paragraph 10 (GASB Codification 1800.170); and
- In 2018, a Bureau of Workers Compensation receipts, in the amount of \$2,739 and \$5,250, were recorded in the General Fund and the Special Revenue Gasoline Tax Fund, respectively, as miscellaneous receipts instead of intergovernmental receipts.

The 2019 and 2018 notes to the financial statements also had errors such as, the lack of disclosures on the accounting policies for deposits and investments and for fund balances, errors in the property tax note, and the omission of the postemployment benefits note and a jointly governed entity.

The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors.

Errors in the financial statements inhibit the ability of the Fiscal Officer and the Trustees to monitor the financial activity and to identify, analyze, and react to risks to make sound financial decisions. Reliance on financial information that contains errors could result in noncompliance with law and regulations applicable to the Township. In addition, financial information with errors reduces the likelihood that irregularities are detected in a timely manner.

**FINDING NUMBER 2019-001  
(Continued)**

The Trustees reviewed various financial reports and bank reconciliations provided by the Fiscal Officer. While these reviews would have identified budgetary, recording errors, and bank reconciliation issues, some financial recording errors were not detected. There was no evidence that the year-end financial statements were reviewed prior to filing with the Auditor of State which may have contributed to errors identified above not being detected.

The errors identified above should be reviewed by the Fiscal Officer to help ensure that similar errors do not occur in subsequent years. In addition, the annual financial statements should be reviewed for errors and omissions prior to filing with the Auditor of State. Evidence of the review of the annual financial statements, as done with the review of all financial reports and reconciliations, should be documented on the documents reviewed and/or in the Minutes. Resources such as those found on the Auditor of State web-site should be utilized when recording receipts that are not common to the Township and for determining the correct classification of year-end fund balances.

**OFFICIALS' RESPONSE:**

1. Grant funds received were placed into the proper funds, but it has been noted that a different account code within those funds should be used.
2. It is the official's opinion that the adjusted notes and additional disclosures to the notes, do not have a material impact on the financial status of the Township. Although adding the requested disclosures is agreed, it is our opinion that the Township remains in a strong financial position.
3. Applicable reports are currently provided and reviewed by the trustees at each meeting and on a monthly, quarterly an annual basis. Reports provided in the future will be documented in the minutes as reviewed by the trustees. This documentation has already been implemented, prior to the completion of this audit.

# OHIO AUDITOR OF STATE KEITH FABER



**JACKSON TOWNSHIP**

**ALLEN 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  
JUNE 11, 2020**