



OHIO AUDITOR OF STATE  
**KEITH FABER**





**JACKSON TOWNSHIP  
JACKSON COUNTY  
DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITOR'S REPORT

Jackson Township  
Jackson County  
1308 Brohard Road  
Ray, Ohio 45672

To the Board of Trustees:

### Report on the Audit of the Financial Statements

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of Jackson Township, Jackson County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2023 and 2022, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.

A handwritten signature in black ink, appearing to read "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

June 3, 2025

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**JACKSON TOWNSHIP  
JACKSON COUNTY**

**COMBINED STATEMENTS OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$72,785	\$0	0	\$0	\$72,785
Intergovernmental	27,400	162,013	141,820	0	331,233
Earnings on Investments	1,139	0	0	0	1,139
Miscellaneous	1,556	0	0	0	1,556
<i>Total Cash Receipts</i>	102,880	162,013	141,820	0	406,713
<b>Cash Disbursements</b>					
Current:					
General Government	82,995	0	2,600	0	85,595
Public Safety	27,783	0	0	0	27,783
Public Works	4,994	168,184	90,669	0	263,847
Health	11,192	1,800	0	0	12,992
Capital Outlay	0	0	188,426	0	188,426
Debt Service:				0	
Interest and Fiscal Charges	0	0	300	0	300
<i>Total Cash Disbursements</i>	126,964	169,984	281,995	0	578,943
<i>Excess of Receipts (Under) Disbursements</i>	(24,084)	(7,971)	(140,175)	0	(172,230)
<b>Other Financing Receipts</b>					
Loan Proceeds	0	0	143,801	0	143,801
Sale of Capital Assets	0	0	42,000	0	42,000
<i>Total Other Financing Receipts</i>	0	0	185,801	0	185,801
<i>Net Change in Fund Cash Balances</i>	(24,084)	(7,971)	45,626	0	13,571
<i>Fund Cash Balances, January 1</i>	29,526	206,733	55,270	4,491	296,020
<i>Fund Cash Balances, December 31</i>	<u>\$5,442</u>	<u>\$198,762</u>	<u>\$100,896</u>	<u>\$4,491</u>	<u>\$309,591</u>

See accompanying notes to the basic financial statement.

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**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Jackson Township, Jackson 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Coalton and Jefferson Township to provide fire services and emergency medical services.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 7 to the financial statements provides additional information for this entity. 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 funds which are all organized on a fund type basis.

***Fund Accounting***

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

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

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

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

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

***Sales Tax Fund*** This fund receives sales tax monies which are used to pay for improvement projects, such as roads, culverts, stone, etc. within the Township.

**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

***K-B Cemetery Fund*** This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the K-B cemetery.

***Limerick Cemetery Fund*** This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Limerick cemetery.

***Basis of Accounting***

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

***Budgetary Process***

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2023 budgetary activity appears in Note 4.

***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.

**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Cemetery, and Sales Tax Capital Project funds by \$6,263, \$1,800, and \$141,995, respectively, for the year ended December 31, 2023.

**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$86,371	\$102,880	\$16,509
Special Revenue	141,746	162,013	20,267
Capital Projects	122,730	327,621	204,892
Total	<u>\$350,846</u>	<u>\$592,514</u>	<u>\$241,668</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$125,441	\$131,704	(\$6,263)
Special Revenue	295,120	184,878	110,242
Capital Projects	140,000	281,995	(141,995)
Total	<u>\$560,561</u>	<u>\$598,577</u>	<u>(\$38,016)</u>

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. A summary of the Township's deposit and investment accounts are as follows:

	2023
Demand deposits	\$208,732
Certificates of deposit	100,859
<i>Total Deposits</i>	<u>\$309,591</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Township is holding \$7,138 in unremitted employee and employer payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

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**Note 6 – 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.

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

**Note 7 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

***Risk Pool Membership***

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 (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- 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:

	2023
Cash and investments	\$33,494,457
Actuarial liabilities	\$10,885,549

**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

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**Note 8 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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

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, 2023.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 10 – Debt**

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Kansas State Bank- Tractor	143,801	5.01%
Total	<u>\$143,801</u>	

The Township entered into a lease on January 31, 2023 through Kansas State Bank for a tractor/mower. Repayment will begin in 2024 and annual payments will be made over 8 years.

***Amortization***

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



**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

**Note 10 – Debt (Continued)**

Year Ending December 31:	Kansas State Bank- Tractor
2024	\$22,258
2025	22,258
2026	22,258
2027	22,258
2028	22,258
2029-2031	66,775
Total	<u>\$178,066</u>

**Note 11 – Related Party Transactions**

The Township Fiscal Officer serves as the CPA for companies that have common ownership with the company of which the Township contracted with during 2023, Allied Construction, LLC to perform the chip and seal road project. The Township has conducted business with Allied Construction in the past and the contractor was selected for the project after the competitive bidding process.

**Note 12 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Corpus	\$0	\$0	\$0	\$3,555	\$3,555
Outstanding Encumbrances	4,740	14,894	0	0	19,634
Total	<u>\$4,740</u>	<u>\$14,894</u>	<u>\$0</u>	<u>\$3,555</u>	<u>\$23,189</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

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**Note 13 – Subsequent Events**

The Township was a defendant in one lawsuit during the audit period related to work performed for a chip and seal project. On March 21, 2024, a joint settlement was reached between the Township and Fillmore Construction, LLC, the Plaintiff. The Township paid Fillmore Construction \$55,000, dated March 20, 2024, issued on check #10165.

**JACKSON TOWNSHIP  
JACKSON COUNTY**

**COMBINED STATEMENTS OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$72,907	\$0	\$0	\$0	\$72,907
Intergovernmental	30,866	220,975	135,774	0	387,615
Earnings on Investments	60	0	0	0	60
Miscellaneous	424	250	0	0	674
<i>Total Cash Receipts</i>	104,257	221,225	135,774	0	461,256
<b>Cash Disbursements</b>					
Current:					
General Government	86,846	0	0	0	86,846
Public Safety	26,100	0	0	0	26,100
Public Works	8,256	456,169	331,861	0	796,286
Health	7,139	0	0	0	7,139
<i>Total Cash Disbursements</i>	128,341	456,169	331,861	0	916,371
<i>Excess of Cash Receipts Over Cash Disbursements</i>	(24,084)	(234,944)	(196,087)	0	(455,115)
<b>Other Financing Receipts</b>					
Sale of Capital Assets	7,600	0	0	0	7,600
<i>Net Change in Fund Cash Balances</i>	(16,484)	(234,944)	(196,087)	0	(447,515)
<i>Fund Cash Balances, January 1</i>	46,010	441,677	251,357	4,491	743,535
<i>Fund Cash Balances, December 31</i>	<u>\$29,526</u>	<u>\$206,733</u>	<u>\$55,270</u>	<u>\$4,491</u>	<u>\$296,020</u>

*See accompanying notes to the basic financial statement.*

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**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

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***Public Entity Risk Pool***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 7 to the financial statements provides additional information for this entity. 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 funds which are all organized on a fund type basis.

***Fund Accounting***

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

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

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

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

***Miscellaneous Special Revenue Fund*** The miscellaneous special revenue fund accounts for and reports the American Rescue Funds received due to the COVID-19 pandemic within the Township.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

***Sales Tax Fund*** This fund receives sales tax monies which are used to pay for improvement projects, such as roads, culverts, stone, etc. within the Township.

**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

***K-B Cemetery Fund*** This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the K-B cemetery.

***Limerick Cemetery Fund*** This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Limerick cemetery.

***Basis of Accounting***

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

***Budgetary Process***

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not use the encumbrance method of accounting

A summary of 2022 budgetary activity appears in Note 4.

***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.

**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$1,711, for the year ended December 31, 2022.

**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$87,585	\$111,857	\$24,272
Special Revenue	207,250	221,225	13,975
Capital Projects	125,000	135,774	10,774
Total	<u>\$419,835</u>	<u>\$468,856</u>	<u>\$49,021</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$130,165	\$131,876	(\$1,711)
Special Revenue	606,097	468,789	137,308
Capital Projects	354,464	331,861	22,603
Total	<u>\$1,090,726</u>	<u>\$932,526</u>	<u>\$158,200</u>

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. A summary of the Township's deposit and investment accounts are as follows:

	2022
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$295,520
Certificates of deposit	500
<i>Total Deposits</i>	<u>\$296,020</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$3,048 in unremitted employee and employer payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.



**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**Note 6 – 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.

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

**Note 7 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

***Risk Pool Membership***

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 (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- 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:

	2022
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**Note 8 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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

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, 2022.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 10 – Related Party Transactions**

The Township Fiscal Officer serves as the CPA for companies that have common ownership with the company of which the Township contracted with during 2023, Allied Construction, LLC to perform the chip and seal road project. The Township has conducted business with Allied Construction in the past and the contractor was selected for the project after the competitive bidding process.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Corpus	0	0	0	3,555	\$3,555
Outstanding Encumbrances	3,535	12,620	0	0	16,155
Total	\$3,535	\$12,620	\$0	\$3,555	\$19,710

**Jackson Township**  
*Jackson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**Note 11 – Fund Balances (Continued)**

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – Subsequent Events**

The Township was a defendant in one lawsuit during the audit period related to work performed for a chip and seal project. On March 21, 2024, a joint settlement was reached between the Township and Fillmore Construction, LLC, the Plaintiff. The Township paid Fillmore Construction \$55,000, dated March 20, 2024, issued on check #10165.

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# OHIO AUDITOR OF STATE KEITH FABER

65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

Jackson Township  
Jackson County  
1308 Brohard Road  
Ray, Ohio 45672

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of Jackson Township, Jackson County, Ohio (the Township) and have issued our report thereon dated June 3, 2025, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-003 and 2023-004 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2023-001 and 2023-002.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 3, 2025

**JACKSON TOWNSHIP  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2023-001**

**Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Township had expenditures in excess of appropriations as follows:

<b>December 31, 2023</b>	<b>Authority</b>	<b>Expenditures</b>	<b>Variance</b>
General Fund	\$125,441	\$ 131,704	\$ (6,263)
Cemetery Fund	-	1,800	(1,800)
Salex Tax Capital Project Fund	140,000	281,995	(141,995)

<b>December 31, 2022</b>	<b>Authority</b>	<b>Expenditures</b>	<b>Variance</b>
General Fund	\$130,166	\$ 131,876	\$(1,711)

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Trustees should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**FINDING NUMBER 2023-002**

**Noncompliance**

**Ohio Rev. Code § 5705.41(D)(1)** provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board of Trustees can authorize the drawing of a warrant for the payment of the amount due.

**JACKSON TOWNSHIP  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2023-002 (Continued)**

**Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)**

The Board of Trustees has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – The auditor or fiscal officer may prepare “blanket” certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line-item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time. for any one particular line-item appropriation

3. Super Blanket Certificate – The Board of Trustees may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

Due to deficiencies in internal controls, 80 percent in 2022 and 67 percent in 2023 of the transactions tested were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Additionally, the Township used blanket purchase orders in 2022 and 2023 without passing a resolution or ordinance establishing a dollar limit for blanket certificates. The failure to pass the required resolution or ordinance limiting blanket certificates can lead to improper encumbrances.

Lastly, during testing of regular blanket and super blanket purchase orders, we noted regular blanket PO #4-2022 from 2022 was not closed at year-end and had expenditures against it in 2023. Additionally, we noted super blanket PO's #2-2021 and 5-2021 from 2021 were not closed until March 8, 2022.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Township. When prior certification is not possible, “then and now” certification should be used. The Township should adopt and approve a maximum amount for the use of blanket certificates.

Lastly, the Fiscal Officer should ensure the use of blanket and super blanket certificates do not run beyond the fiscal year.



**JACKSON TOWNSHIP  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2023-003**

**Material Weakness**

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 noted in the financial statements that required audit reclassification or adjustment:

In 2022:

- General Fund property tax receipts and general government disbursements were each understated \$4,242;
- General Fund general government disbursements of \$5,238 were incorrectly classified as health disbursements;
- General Fund general government and public safety disbursements of \$2,694 and \$16,550, respectively, were incorrectly classified as public works disbursements;
- General Fund sale of fixed asset receipt of \$7,600 was incorrectly classified as miscellaneous revenue;
- Sales Tax Capital Projects Fund intergovernmental receipts of \$135,774 were incorrectly posted as property tax receipts;
- Sales Tax Capital Projects Fund public works disbursements of \$331,861 were incorrectly posted as capital outlay disbursements; and
- General Fund public safety disbursements of \$9,550 and health disbursements of \$5,700 were incorrectly recorded as Sales Tax Fund capital outlay disbursements.

In 2023:

- General Fund property tax receipts and general government disbursements were each understated \$3,239;
- Sales Tax Capital Projects Fund intergovernmental receipts of \$141,820 were incorrectly posted as property tax receipts;
- Sales Tax Capital Projects Fund loan proceeds and sale of capital asset receipts of \$143,801 and \$42,000, respectively and related capital outlay and interest and fiscal charge disbursements of \$185,501 and \$300, respectively were unrecorded;
- Sales Tax Capital Projects Fund public works and general government disbursements of \$90,669 and \$2,600, respectively, were incorrectly posted as capital outlay disbursements;
- General Fund health disbursements of \$8,475 were incorrectly recorded as Sales Tax Fund capital outlay disbursements; and
- General Fund interest receipts of \$859, general government disbursements of \$457 and Gasoline Tax Fund public works disbursements of \$483 were unrecorded due to bank reconciliation errors.

The Fiscal Officer made classification errors in posting of receipts and disbursements. This caused the incorrect classification errors and unrecorded receipts and disbursements noted above.

**JACKSON TOWNSHIP  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2023-003 (Continued)**

**Material Weakness (Continued)**

The audited financial statements and the Township's accounting system have been adjusted for the items noted above.

The Fiscal Officer should review the Township handbook for guidance to ensure financial statements are complete and accurate.

**FINDING NUMBER 2023-004**

**Material Weakness**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board of Trustees are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared in a timely manner for the following:

- January 2022 not reconciled until March 7, 2022;
- August 2022 not reconciled at month end;
- September 2022 not reconciled until October 26, 2022;
- November 2022 not reconciled until December 19, 2022;
- January 2023 not reconciled until May 4, 2023;
- February and March 2023 were not reconciled until May 9, 2023;
- May and June 2023 were not reconciled until August 8, 2023;
- August and September 2023 were not reconciled until December 28, 2023; and
- October through December 2023 were not reconciled until February 3, 2024.

Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board of Trustees should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews in the minute record.

**JACKSON TOWNSHIP  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022  
(Continued)**

<b>2. OTHER – FINDINGS FOR RECOVERY</b>
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In addition, we identified the following other issues related to Findings for Recovery. This issue did not impact our GAGAS Compliance and Controls reports

**FINDING NUMBER 2023-005**

**Finding for Recovery – Repaid Under Audit**

Ohio Rev. Code § 117.24 requires the Auditor of State to determine whether “public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . .” Those determinations in an audit report constitute “findings for recovery.” Ohio Rev. Code § 9.24(H)(3).

Ohio Rev. Code § 507.14 states that a township fiscal officer shall be held liable when the loss of public funds results from the fiscal officer’s negligence or other wrongful act.

The failure to timely pay invoices and OPERS pension withholding payments is considered gross negligence. Late payment fees and related finance charges incurred through gross negligence are illegal expenditures which do not serve a proper public purpose. These charges would have been avoided had the funds been remitted by the required due dates.

In 2022, the Township had late payment service charges on an equipment rental of \$337.31 and late fees to Ohio Public Employees Retirement System of \$106.18. In 2023, the Township paid finance charges to a local hardware store for \$36.58 and late fees to Ohio Public Employees Retirement System of \$56.08. These late fees and interest charges are considered illegal expenditures that are not for a proper public purpose.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against former Fiscal Officer David Dilley, and his bonding company, the Travelers Casualty and Surety Company of America, jointly and severally, in the amount of \$536.15 in favor of the Township's General Fund in the amount of \$162.26 and the Motor Vehicle License Tax Fund in the amount of \$373.89.

Mr. Dilley repaid the \$536.15 finding referenced above on May 15, 2025 with official check number 59826. This amount was repaid to the Township’s General and Motor Vehicle License Tax Funds in the amount of \$162.26 and \$373.89, respectively on May 16, 2025 receipt number 21-2025.

**Officials’ Response:** We did not receive a response from Officials to the findings reported above.

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# Jackson Township Board of Trustees

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2023 AND 2022

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	Ohio Rev. Code § 5575.01(A) – bidding requirements	Corrected	
2021-002	Significant Deficiency- Cash Reconciliation Process Errors	Not Corrected	Township will work on correct this.
2021-003	Material Weakness- Approved Appropriations and Estimated Receipts differed from those in UAN	Not Corrected	Township will work on correct this.
2021-004	Material Weakness- Material adjustments or reclassifications	Not Corrected	Township will work on correct this.

# OHIO AUDITOR OF STATE KEITH FABER



**JACKSON TOWNSHIP**

**JACKSON COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/17/2025**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)