

**JACKSON TOWNSHIP
FRANKLIN COUNTY
Regular Audit
For the Years Ended December 31, 2012 and 2011**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Jackson Township
3756 Hoover Road
Grove City, Ohio 43123

We have reviewed the *Independent Auditor's Report* of the Jackson Township, Franklin County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Jackson Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 25, 2013

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**JACKSON TOWNSHIP
FRANKLIN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

August 26, 2013

Jackson Township
Franklin County
3756 Hoover Road
Grove City, Ohio 43123

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of **Jackson Township**, Franklin County, (the Township) as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2012 and 2011, or changes in financial position or cash flows 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 combined cash balances of Jackson Township, Franklin County, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1B.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2013, 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.

Respectfully Submitted,



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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 677,266	\$ 8,489,296	\$ -	\$ 9,166,562
Charges for Services	-	1,473,089	-	1,473,089
Payments in Lieu of Taxes	-	-	2,542,033	-
Licenses, Permits and Fees	296,259	42,004	-	338,263
Intergovernmental	436,490	1,325,956	1,321,660	3,084,106
Earnings on Investments	10,934	5,607	-	16,541
Miscellaneous	99,072	44,405	-	143,477
<i>Total Cash Receipts</i>	<u>1,520,021</u>	<u>11,380,357</u>	<u>3,863,693</u>	<u>14,222,038</u>
Cash Disbursements				
Current:				
General Government	1,254,253	-	-	1,254,253
Public Safety	-	10,525,919	-	10,525,919
Public Works	23,392	502,770	-	526,162
Health	645	-	-	645
Capital Outlay	38,379	456,528	1,294,498	1,789,405
<i>Total Cash Disbursements</i>	<u>1,316,669</u>	<u>11,485,217</u>	<u>1,294,498</u>	<u>14,096,384</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>203,352</u>	<u>(104,860)</u>	<u>2,569,195</u>	<u>125,654</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	-	169,851	169,851
Advances In	197,013	122,328	-	319,341
Advances Out	(122,328)	-	(197,013)	(319,341)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>74,685</u>	<u>122,328</u>	<u>(27,162)</u>	<u>169,851</u>
<i>Net Change in Fund Cash Balances</i>	278,037	17,468	2,542,033	2,837,538
<i>Fund Cash Balances, January 1</i>	<u>3,174,488</u>	<u>2,362,073</u>	<u>-</u>	<u>5,536,561</u>
Fund Cash Balances, December 31				
Restricted	-	1,615,766	2,542,033	4,157,799
Committed	-	763,775	-	763,775
Assigned	378,222	-	-	378,222
Unassigned	3,074,303	-	-	3,074,303
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,452,525</u>	<u>\$ 2,379,541</u>	<u>\$ 2,542,033</u>	<u>\$ 8,374,099</u>

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Internal Service	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 640,091	\$ -	\$ 640,091
<i>Total Operating Cash Receipts</i>	<u>640,091</u>	<u>-</u>	<u>640,091</u>
Operating Cash Disbursements			
Employee Fringe Benefits	642,425	-	642,425
<i>Total Operating Cash Disbursements</i>	<u>642,425</u>	<u>-</u>	<u>642,425</u>
<i>Operating (Loss)</i>	<u>(2,334)</u>	<u>-</u>	<u>(2,334)</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	-	39,080	39,080
Earnings on Investments	-	8	8
Other Financing Uses	-	(37,449)	(37,449)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>-</u>	<u>1,639</u>	<u>1,639</u>
<i>Net Change in Fund Cash Balances</i>	(2,334)	1,639	(695)
<i>Fund Cash Balances, January 1</i>	<u>2,334</u>	<u>21,937</u>	<u>24,271</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ -</u></u>	<u><u>\$ 23,576</u></u>	<u><u>\$ 23,576</u></u>

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 732,747	\$ 8,641,534	\$ -	\$ 9,374,281
Charges for Services	-	1,496,279	-	1,496,279
Licenses, Permits and Fees	260,798	32,912	-	293,710
Intergovernmental	326,016	1,010,660	1,836,869	3,173,545
Earnings on Investments	20,048	11,103	-	31,151
Miscellaneous	84,148	72,704	-	156,852
<i>Total Cash Receipts</i>	<u>1,423,757</u>	<u>11,265,192</u>	<u>1,836,869</u>	<u>14,525,818</u>
Cash Disbursements				
Current:				
General Government	1,406,255	-	-	1,406,255
Public Safety	-	11,168,588	-	11,168,588
Public Works	17,954	784,527	-	802,481
Health	8,553	-	-	8,553
Capital Outlay	7,091	129,088	2,033,882	2,170,061
<i>Total Cash Disbursements</i>	<u>1,439,853</u>	<u>12,082,203</u>	<u>2,033,882</u>	<u>15,555,938</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(16,096)</u>	<u>(817,011)</u>	<u>(197,013)</u>	<u>(1,030,120)</u>
Other Financing Receipts (Disbursements)				
Advances In	-	-	197,013	197,013
Advances Out	(197,013)	-	-	(197,013)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(197,013)</u>	<u>-</u>	<u>197,013</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(213,109)</u>	<u>(817,011)</u>	<u>-</u>	<u>(1,030,120)</u>
<i>Fund Cash Balances, January 1</i>	<u>3,387,597</u>	<u>3,179,084</u>	<u>-</u>	<u>6,566,681</u>
Fund Cash Balances, December 31				
Restricted	-	1,549,436	-	1,549,436
Committed	-	812,637	-	812,637
Assigned	236,883	-	-	236,883
Unassigned	2,937,605	-	-	2,937,605
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,174,488</u>	<u>\$ 2,362,073</u>	<u>\$ -</u>	<u>\$ 5,536,561</u>

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Internal Service	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 933,015	\$ -	\$ 933,015
<i>Total Operating Cash Receipts</i>	<u>933,015</u>	<u>-</u>	<u>933,015</u>
Operating Cash Disbursements			
Employee Fringe Benefits	1,071,320	-	1,071,320
<i>Total Operating Cash Disbursements</i>	<u>1,071,320</u>	<u>-</u>	<u>1,071,320</u>
<i>Operating (Loss)</i>	<u>(138,305)</u>	<u>-</u>	<u>(138,305)</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	-	69,150	69,150
Earnings on Investments	49	26	75
Other Financing Uses	-	(65,549)	(65,549)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>49</u>	<u>3,627</u>	<u>3,676</u>
<i>Net Change in Fund Cash Balances</i>	(138,256)	3,627	(134,629)
<i>Fund Cash Balances, January 1</i>	<u>140,590</u>	<u>18,310</u>	<u>158,900</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,334</u>	<u>\$ 21,937</u>	<u>\$ 24,271</u>

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 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 the Jackson Township, Franklin County, Ohio, (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 City of Grove City to provide police services.

The Township participates in one jointly governed organization and one public entity risk pool. Notes 7 and 8 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organization:

Solid Waste Authority of Central Ohio ("SWACO") serves Franklin County and neighboring areas with solutions for solid waste.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority ("OTARMA") is a risk-sharing pool available to Ohio townships which provides property and casualty coverage for its members.

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 the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. Money market mutual funds (including Star Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific 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:

Fire District Fund - This fund receives tax money from a special fire levy for covering the cost of fire protection.

EMS Billing Fund - This fund accounts for money received for providing EMS service as well as for the expenses related to the EMS services.

3. Capital Projects 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 Projects Fund:

OPWC Fund - This fund receives grant funding and loan proceeds from the Ohio Public Works Commission to finance public works projects throughout the Township, including the White Road Reconstruction project.

4. Internal Service Fund

This fund accounts for services provided by one department to other departments of the government unit on a cost reimbursement basis. The Township had the following Internal Service Fund:

Self-Insurance Medical Fund – This fund receives insurance premium payments from other funds to pay medical claims of employees enrolled in the Township’s health insurance plan.

5. Fiduciary Fund

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township’s agency fund accounts for the Township’s Internal Revenue Code Section 125 Flexible Spending Account.

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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Process (Continued)

2. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 2012 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2012 and 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The township had no nonspendable fund balances at December 31, 2012 or 2011.

2. Restricted

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

3. Committed

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

4. Assigned

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Fund Balance (Continued)

5. Unassigned

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

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

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

I. Interfund Transactions

During the course of normal operations, the Township has transactions between funds. The most significant include advances of resources from one fund to another fund. Advances are temporary loans to other funds which will ultimately be repaid.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of deposits and investments at December 31, 2012 and 2011 were as follows:

	2012	2011
Demand deposits	\$ 7,396,168	\$ 3,560,832
Certificates of Deposit	-	2,000,000
Total Deposits	7,396,168	5,560,832
STAR Ohio	1,001,507	-
Total Investments	1,001,507	-
Total deposits and investments	\$ 8,397,675	\$ 5,560,832

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution’s public entity deposit pool.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 2 – DEPOSITS AND INVESTMENTS – (Continued)

Investments: At December 31, 2011, the Township’s investments were limited to nonnegotiable certificates of deposit. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost. The Township had no investments at December 31, 2012. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,204,175	\$ 1,520,021	\$ 315,846
Special Revenue	9,928,365	11,380,357	1,451,992
Capital Projects	-	4,033,544	4,033,544
Internal Service	-	640,091	640,091
Total	<u>\$ 11,132,540</u>	<u>\$ 17,574,013</u>	<u>\$ 6,441,473</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,335,684	\$ 1,316,669	\$ 3,019,015
Special Revenue	12,830,980	11,485,217	1,345,763
Capital Projects	-	1,294,498	(1,294,498)
Internal Service	-	642,425	(642,425)
Total	<u>\$ 17,166,664</u>	<u>\$ 14,738,809</u>	<u>\$ 2,427,855</u>

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 3 - BUDGETARY ACTIVITY – (Continued)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,204,663	\$ 1,423,757	\$ 219,094
Special Revenue	11,873,839	11,265,192	(608,647)
Capital Projects	-	1,836,869	1,836,869
Internal Service	<u>1,353,015</u>	<u>933,064</u>	<u>(419,951)</u>
Total	<u>\$ 14,431,517</u>	<u>\$ 15,458,882</u>	<u>\$ 1,027,365</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,250,187	\$ 1,439,853	\$ 2,810,334
Special Revenue	14,605,008	12,082,203	2,522,805
Capital Projects	-	2,033,882	(2,033,882)
Internal Service	<u>2,006,676</u>	<u>1,071,320</u>	<u>935,356</u>
Total	<u>\$ 20,861,871</u>	<u>\$ 16,627,258</u>	<u>\$ 4,234,613</u>

NOTE 4 - PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

NOTE 5 – DEBT

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission (OPWC) Loan	<u>\$ 169,851</u>	0%

During 2012, the Township entered into a note agreement with the OPWC in connection with White Road Reconstruction – Phase II. This note was issued at an interest rate of 0% and matures in 2038.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 5 – DEBT – (Continued)

Debt service payments on the OPWC loan are scheduled as follows:

Years Ending December 31,	OPWC Loan Payments
2013	\$ 3,397
2014	6,794
2015	6,794
2016	6,794
2017	6,794
2018 - 2022	33,970
2022 - 2027	33,970
2028 - 2032	33,970
2033 - 2037	33,970
2038	3,398
Total	\$ 169,851

NOTE 6 - RETIREMENT SYSTEMS

The Township’s certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). The Township’s elected officials and other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multi-employer plans. The Ohio Revised Code prescribes these plans’ benefits, which includes postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Township contributed to OP&F an amount equal to 24% of full-time firefighter’s wages. For 2012 and 2011, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equal to 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2012.

NOTE 7 - RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 7 - RISK MANAGEMENT – (Continued)

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available):

	2012	2011
Assets	\$ 34,771,270	\$ 35,086,165
Liabilities	(9,355,082)	(9,718,792)
Net Position	\$ 25,416,188	\$ 25,367,373

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.9 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township’s share of these unpaid claims collectible in future years is approximately \$52,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2012</u>	<u>2011</u>
\$88,032	\$84,406

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 7 - RISK MANAGEMENT – (Continued)

Self Insurance

The Township provides health, vision, dental and life insurance to its employees. Dental, vision and life benefits are paid via traditional premium insurance. Medical benefits are provided through a benefits management agreement by and between the Township and Medical Benefits Administrators, Inc. (2011) and Medical Mutual (2011 and 2012). The plan is funded by employee payroll deductions and township contributions. Actual claims are then processed and paid. Through April 30, 2011, claims over \$40,000 per occurrence were covered through a stop-loss company. Effective May 1, 2011, the Township began a hybrid plan. Monthly premiums are paid in addition to funding a self insurance portion. The self insurance portion is funded by both the Township and the employee and is deposited into the self-insurance fund, from which claims are then paid.

Health Savings

The Township provides a health savings account that is funded solely through employee elected deductions. This activity is accounted for in the Township's agency fund.

NOTE 8 - JOINTLY GOVERNED ORGANIZATIONS

The Township appoints a trustee to serve as the Franklin County representative to the Solid Waste Authority of Central Ohio (SWACO).

NOTE 9 – INTERFUND TRANSACTIONS

During 2011, the Township made the following advance:

Advance to the OPWC capital projects fund from:

General fund	<u>\$ 197,013</u>
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This advance was made in order to fund disbursements of the Township's White Road Reconstruction project prior to the receipt of grant funding and loan proceeds from the Ohio Public Works Commission and was repaid during 2012.

During 2012, the Township made the following advance:

Advance to the FEMA special revenue fund from:

General fund	<u>\$ 122,328</u>
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This advance was made to temporarily fund capital outlay disbursements made by the Federal Emergency Management Agency special revenue fund and is expected to be repaid within one year.

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLES

For 2012 and 2011, the Township has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

**JACKSON TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 11 – COMPLIANCE

- A.** Contrary to Ohio law, appropriations exceeded estimated resources in the EMS Billing Fund in 2012 and the OPWC Capital Projects Fund and Self-Insurance Internal Service Fund in 2012 and 2011.
- B.** Contrary to Ohio law, budgetary expenditures exceeded appropriations in the OPWC Capital Projects Fund in 2012 and 2011 and the Self-Insurance Internal Service Fund in 2012.

NOTE 12 – CONTINGENT LIABILITY

The Township participates in OPWC state assisted grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Township believes that disallowed claims, if any, will not have a material adverse effect on the Township's financial condition.

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(740) 695-5775 Fax

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

August 26, 2013

Jackson Township
Franklin County
3756 Hoover Road
Grove City, Ohio 43123

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 **Jackson Township**, Franklin County (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated August 26, 2013, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1, and the Township implemented Governmental Accounting Standards Board Statement No. 54.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2012-01 and 2012-02 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-03 described in the accompanying schedule of audit findings to be a significant deficiency.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2012-02.

Purpose of this Report

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

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

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-01

Material Weakness

Bank Reconciliations

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. There were significant numbers of reconciling items and other adjusting factors that were not identified. The lack of proper reconciliations among the bank statements and ledgers resulted in numerous errors which remained undetected and/or uncorrected until the audit. The extensive problems with these reconciliations resulted in the need for the Township to obtain a compilation from an independent public accounting firm.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances, with support for all reconciling items or other adjusting factors. Copies of bank reconciliations should be presented to the Board of Trustees for Trustee review and use in managing the Township.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2012-02

Material Weakness/Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing Board of Trustees expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.39 indicating appropriations cannot exceed estimated resources;
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations);
- Violations of 5705.36 (A) stating that upon determination that the revenue will be greater or less than the amount included in the official certificate of estimated resources, the fiscal officer should certify an amended certificate.

In addition, The Township did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Township Board of Trustees and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system. This resulted in incorrect amounts posted to the accounting system and information available to Township officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

FINDING NUMBER 2012-02 (Continued)

Material Weakness/Noncompliance (Continued)

We recommend the Township implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment or the Township file their approved amendments with the County Budget Commission before posting them to their accounting system.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2012-03

Significant Deficiency

Posting Receipts

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

Receipts were not always posted correctly. For example;

- Rollback receipts were not posted proportionately to the appropriate funds in 2011.

This resulted in adjustment entries being made to the Township's financial statements. The financial statements reflect all adjustments and the Township has made all adjustments to their accounting system.

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

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

Management's Response – We received no response from officials to this finding.

**JACKSON TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Posting Receipts and Expenditures	No	Partially Corrected; Repeated as Finding 2012-03



Dave Yost • Auditor of State

JACKSON TOWNSHIP

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 8, 2013**