



Dave Yost • Auditor of State

JACKSON TOWNSHIP
ALLEN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Jackson Township, Allen County, (the Township) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 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, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Jackson Township, Allen County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2014, 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.



Dave Yost
Auditor of State

Columbus, Ohio

May 22, 2014

**JACKSON TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BALANCES)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$62,224	\$189,270	\$251,494
Charges for Services		11,362	11,362
Licenses, Permits and Fees		18,815	18,815
Intergovernmental	80,409	139,086	219,495
Earnings on Investments	1,472	502	1,974
Miscellaneous	3,485	23,742	27,227
Total Cash Receipts	<u>147,590</u>	<u>382,777</u>	<u>530,367</u>
Cash Disbursements:			
Current:			
General Government	99,122	6,911	106,033
Public Safety		122,378	122,378
Public Works		153,921	153,921
Health	11,824	14,552	26,376
Debt Service:			
Principal Retirement		31,139	31,139
Interest and Fiscal Charges		2,262	2,262
Total Cash Disbursements	<u>110,946</u>	<u>331,163</u>	<u>442,109</u>
Excess of Receipts Over Disbursements	<u>36,644</u>	<u>51,614</u>	<u>88,258</u>
Other Financing Receipts (Disbursements):			
Transfers In		6,000	6,000
Transfers Out	(6,000)		(6,000)
Total Other Financing Receipts (Disbursements)	<u>(6,000)</u>	<u>6,000</u>	<u></u>
Net Change in Fund Cash Balances	30,644	57,614	88,258
Fund Cash Balances, January 1	<u>390,453</u>	<u>251,650</u>	<u>642,103</u>
Fund Cash Balances, December 31:			
Non-spendable			
Restricted		288,796	288,796
Committed		20,468	20,468
Assigned	48,100		48,100
Unassigned (Deficit)	372,997		372,997
Fund Cash Balances, December 31	<u>\$421,097</u>	<u>\$309,264</u>	<u>\$730,361</u>

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

**JACKSON TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BALANCES)**

**ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$61,334	\$186,846		\$248,180
Charges for Services		9,715		9,715
Licenses, Permits and Fees		11,261		11,261
Intergovernmental	216,294	137,712	\$112,459	466,465
Earnings on Investments	1,428	473		1,901
Miscellaneous	2,238	14,039		16,277
Total Cash Receipts	<u>281,294</u>	<u>360,046</u>	<u>112,459</u>	<u>753,799</u>
Cash Disbursements:				
Current:				
General Government	97,457	6,832		104,289
Public Safety		129,327		129,327
Public Works		189,641		302,100
Health	12,465	12,976		25,441
Capital Outlay		21,935	112,459	21,935
Debt Service:				
Principal Retirement		30,074		30,074
Interest and Fiscal Charges		3,326		3,326
Total Cash Disbursements	<u>109,922</u>	<u>394,111</u>	<u>112,459</u>	<u>616,492</u>
Total Receipts Over/(Under) Disbursements	<u>171,372</u>	<u>(34,065)</u>		<u>137,307</u>
Other Financing Receipts/(Disbursements):				
Sale of Capital Assets		4,500		4,500
Transfers In		8,000		8,000
Transfers Out	(8,000)			(8,000)
Total Other Financing Receipts/(Disbursements)	<u>(8,000)</u>	<u>12,500</u>		<u>4,500</u>
Net Change in Fund Cash Balances	<u>163,372</u>	<u>(21,565)</u>		<u>141,807</u>
Fund Cash Balance, January 1	<u>227,081</u>	<u>273,215</u>		<u>500,296</u>
Fund Cash Balance, December 31:				
Restricted		241,636		241,636
Committed		10,014		10,014
Assigned	47,042			47,042
Unassigned (Deficit)	343,411			343,411
Fund Cash Balance, December 31	<u>\$390,453</u>	<u>\$251,650</u>	<u>\$0</u>	<u>\$642,103</u>

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

**JACKSON TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Jackson Township, Allen County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool: The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entities risk pool.

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 values certificates of deposit and checking accounts at cost.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**JACKSON TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

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

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

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

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

3. 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 Capital Project Fund:

Issue II Fund - The Township received a grant from the State of Ohio in Fiscal Year 2012 to repair sections of Cool Rd.

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 level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**JACKSON TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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:

1. Non-spendable

The Township classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

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.

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.

**JACKSON TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. EQUITY IN POOLED 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 amount of deposits and investments at December 31 was as follows:

	2013	2012
Demand deposits	\$380,361	\$442,103
Certificates of deposit	350,000	200,000
Total deposits	\$730,361	\$642,103

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$101,800	\$147,590	\$45,790
Special Revenue	359,050	388,777	29,727
Total	\$460,850	\$536,367	\$75,517

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$148,842	\$116,946	\$31,896
Special Revenue	501,465	331,163	170,302
Total	\$650,307	\$448,109	\$202,198

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,000	\$281,294	\$171,294
Special Revenue	361,500	372,546	11,046
Capital Projects	125,000	112,459	(12,541)
Total	\$596,500	\$766,299	\$169,799

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$137,142	\$117,922	\$19,220
Special Revenue	498,765	394,111	104,654
Capital Projects	125,000	112,459	12,541
Total	\$760,907	\$624,492	\$136,415

**JACKSON TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

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.

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

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

5. DEBT

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Bank Loan - Ambulance	\$32,255	3.50%
Total	\$32,255	

The outstanding loan was obtained in 2009 to finance the purchase of a new ambulance. The loan is secured by the ambulance. Amortization of the above debt, including interest is scheduled as follows:

Year Ending	Ambulance		
December 31:	Principal	Interest	Total
2014	\$32,255	\$1,145	\$33,400

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**JACKSON TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. RISK MANAGEMENT

A. Risk Pool Membership

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), 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.

B. 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.

C. 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 \$7.96 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, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$13,000.

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.

**JACKSON TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. RISK MANAGEMENT (Continued)

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
<u>\$22,022</u>	<u>\$19,929</u>

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.

8. RELATED PARTIES

The Fiscal Officer is employed as Loan Officer with Liberty National Bank for the period under audit. The Township had all of its funds deposited at Liberty National Bank. This relationship violated 1992 Ohio Ethics Commission Advisory Opinion No.92-008.

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Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Jackson Township, Allen County (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated May 22, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2013-001 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Finding

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

May 22, 2014

**JACKSON TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Significant Deficiency

Accuracy of Financial Reporting

Procedures and controls should be in place to help prevent and detect errors and omissions in the accounting records, financial statements, and notes to the financial statements.

The following adjustments were made to the December 31, 2013 financial statements:

- A reclassification of \$48,100 in the General Fund to properly classify the portion of subsequent year appropriations in excess of estimated receipts from unassigned to assigned fund balance.
- A reclassification of \$20,468 to properly classify the balance of the Special Revenue Road Fund as committed instead of restricted since the constraint on the fund balance was internally imposed.
- A reclassification of \$8,136 to properly classify miscellaneous receipts as license, permits, and fees in the Special Revenue Gasoline Tax and Cemetery funds.

The following adjustments were made to the December 31, 2012 financial statements:

- A reclassification of \$47,042 to properly classify the portion of subsequent year appropriations in excess of estimated receipts from unassigned to assigned fund balance.
- A reclassification of \$10,014 to properly classify the balance of the Special Revenue Road Fund as committed instead of restricted since the constraint on the fund balance was internally restricted.
- A reclassification of \$7,838 to properly classify miscellaneous receipts as license, permits, and fees and the sale of fixed assets in the Special Revenue Gasoline Tax, Cemetery, and Fire District funds.
- A reclassification of memo expenditures, in the amount of \$112,459, paid on behalf of the Township for a Public Works Commission project from Public Works to Capital Outlay.

In addition, the Notes to the Financial Statements required modifications which included but were not limited to: the addition of fund balance descriptions, the elimination of a debt service fund from the budgetary activity note, and the elimination of subsequent event disclosure for events that did not occur after December 31, 2013. The financial statements and notes to the financial statements have been adjusted for these errors and omissions.

Errors or omissions in the accounting records, financial statements, and notes to the financial statements not only inhibit the users understanding but may result in the material misstatement of the financial statements and notes to the financial statements.

The Fiscal Officer and Trustees should periodically review the accounting records for errors. In addition, prior to submission, a final review of the financial statements and note disclosures should be performed by the Fiscal Officer and Trustees to help identify and correct errors and omissions. Governmental accounting resources such as those found on the Auditor of State website should be utilized by the Township.

OFFICIALS' RESPONSE: Research into Finding Number 2013-001 was completed by the township fiscal officer. It has been determined that going forward, Bulletin 2011-04 dated September 29, 2011, will be further utilized to help determine the appropriate Fund Balance Classifications, in accordance with GASB Statement No. 54.

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Dave Yost • Auditor of State

JACKSON TOWNSHIP

ALLEN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 3, 2014**