

**JACKSON TOWNSHIP  
FRANKLIN COUNTY  
Regular Audit  
For the Years Ended December 31, 2010 and 2009**

***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 Accountants' Report* of Jackson Township, Franklin County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2010. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

December 2, 2011

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**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

September 29, 2011

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

To the Board of Trustees:

We have audited the accompanying financial statements of **Jackson Township**, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of the State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009 or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Jackson Township, Franklin County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

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

**Perry and Associates**  
Certified Public Accountants, A.C.



**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 700,307	\$ 8,414,233	\$ 9,114,540
Intergovernmental	260,204	1,585,114	1,845,318
Charges for Services	-	1,329,422	1,329,422
Licenses, Permits, and Fees	242,692	20,339	263,031
Earnings on Investments	21,327	5,017	26,344
Miscellaneous	54,503	169,806	224,309
	<u>1,279,033</u>	<u>11,523,930</u>	<u>12,802,963</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Current:			
General Government	1,103,904	-	1,103,904
Public Safety	-	10,275,763	10,275,763
Public Works	19,134	620,775	639,909
Health	3,348	-	3,348
Capital Outlay	90,061	346,062	436,123
	<u>1,216,447</u>	<u>11,242,600</u>	<u>12,459,047</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>62,586</u>	<u>281,330</u>	<u>343,916</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	125,000	125,000	250,000
Advances-Out	(125,000)	(125,000)	(250,000)
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>62,586</u>	<u>281,330</u>	<u>343,916</u>
Fund Cash Balances, January 1	<u>3,325,011</u>	<u>2,897,754</u>	<u>6,222,765</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$ 3,387,597</u></u></b>	<b><u><u>\$ 3,179,084</u></u></b>	<b><u><u>\$ 6,566,681</u></u></b>

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

**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Internal Service</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,205,976	\$ -	\$ 1,205,976
Total Operating Cash Receipts	<u>1,205,976</u>	<u>-</u>	<u>1,205,976</u>
<b>Operating Cash Disbursements:</b>			
Current:			
Employee Fringe Benefits	1,482,755	-	1,482,755
Total Operating Cash Disbursements	<u>1,482,755</u>	<u>-</u>	<u>1,482,755</u>
Operating Income/(Loss)	<u>(276,779)</u>	<u>-</u>	<u>(276,779)</u>
<b>Non-Operating Cash Receipts/(Disbursements):</b>			
Miscellaneous	-	177,534	177,534
Earnings on Investments	392	-	392
Other Financing Uses	-	(172,545)	(172,545)
Total Non-Operating Cash Receipts/(Disbursements)	<u>392</u>	<u>4,989</u>	<u>5,380</u>
Net Receipts Over/(Under) Disbursements	(276,387)	4,989	(271,399)
Fund Cash Balances, January 1	<u>416,977</u>	<u>13,322</u>	<u>430,299</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 140,590</u></b>	<b><u>\$ 18,311</u></b>	<b><u>\$ 158,900</u></b>
Reserve for Encumbrances, December 31	<u>\$ 449,929</u>	<u>\$ 87,917</u>	<u>\$ 537,846</u>

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

**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 715,240	\$ 8,608,038	\$ 9,323,278
Intergovernmental	302,567	973,164	1,275,731
Charges for Services	-	1,529,556	1,529,556
Licenses, Permits, and Fees	211,887	24,123	236,010
Earnings on Investments	44,388	4,445	48,833
Miscellaneous	76,167	183,502	259,669
	<u>1,350,249</u>	<u>11,322,828</u>	<u>12,673,078</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	1,114,269	-	1,114,269
Public Safety	-	10,065,496	10,065,496
Public Works	16,532	818,233	834,765
Health	3,757	-	3,757
Capital Outlay	119,936	377,460	497,396
	<u>1,254,494</u>	<u>11,261,189</u>	<u>12,515,683</u>
<b>Total Cash Disbursements</b>			
<b>Total Receipts Over/(Under) Disbursements</b>	<u>95,755</u>	<u>61,640</u>	<u>157,395</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Sale of Fixed Assets	419,160	-	419,160
Transfers-In	-	23,299	23,299
Transfers-Out	-	(23,299)	(23,299)
	<u>419,160</u>	<u>-</u>	<u>419,160</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>514,915</u>	<u>61,640</u>	<u>576,555</u>
<b>Fund Cash Balances, January 1</b>	<u>2,810,096</u>	<u>2,836,115</u>	<u>5,646,211</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 3,325,011</b></u>	<u><b>\$ 2,897,755</b></u>	<u><b>\$ 6,222,766</b></u>

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

**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Internal Service</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,281,888	\$ -	\$ 1,281,888
Total Operating Cash Receipts	<u>1,281,888</u>	<u>-</u>	<u>1,281,888</u>
<b>Operating Cash Disbursements:</b>			
Current:			
Employee Fringe Benefits	1,119,625	-	1,119,625
Total Operating Cash Disbursements	<u>1,119,625</u>	<u>-</u>	<u>1,119,625</u>
Operating Income/(Loss)	<u>162,263</u>	<u>-</u>	<u>162,263</u>
<b>Non-Operating Cash Receipts/(Disbursements):</b>			
Miscellaneous Receipts	-	65,735	65,735
Earnings on Investments	1,399	-	1,399
Other Financing Uses	-	(24,993)	(24,993)
Total Non-Operating Cash Receipts/(Disbursements)	<u>1,399</u>	<u>40,742</u>	<u>42,141</u>
Excess of Receipts Over/(Under) Disbursements Before Advances	163,662	40,742	204,404
Advances Out	<u>-</u>	<u>(33,522)</u>	<u>(33,522)</u>
Net Receipts Over/(Under) Disbursements	163,662	7,220	170,882
Fund Cash Balances, January 1	<u>253,315</u>	<u>6,102</u>	<u>259,417</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 416,977</u></b>	<b><u>\$ 13,322</u></b>	<b><u>\$ 430,299</u></b>
Reserve for Encumbrances, December 31	<u>\$ 300,375</u>	<u>\$ 5,534</u>	<u>\$ 305,909</u>

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

**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Jackson Township, Franklin County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. 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'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.

The Township values repurchase agreements deposit 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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. Proprietary Fund**

Proprietary funds are used to account for the Township’s business-type activities. The Township had the following Proprietary Fund:

Internal Service Fund – This fund receives monies from other funds to pay for health, vision, and life insurance benefits.

**4. 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.

**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.

**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**E. Budgetary Process (Continued)**

**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 2010 and 2009 budgetary activity appears in Note 3.

**F. 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.

**G. 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.

**2. EQUITY IN POOLED DEPOSITS**

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

	2010	2009
Demand Deposits	\$ 4,719,316	\$ 6,653,064
Repurchase Agreement	2,000,000	-
Total deposits and investments	\$ 6,719,316	\$ 6,653,064

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

**Investments:** The Township maintains a sweep account with Heartland Bank. Heartland Bank transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

Fund Type	2010 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,331,179	\$ 1,279,034	\$ (52,145)
Special Revenue	11,654,704	11,523,930	(130,774)
Internal Service	1,869,929	1,206,368	(663,561)
Total	\$ 14,855,812	\$ 14,009,332	\$ (846,480)

**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,183,146	\$ 1,216,447	\$ 2,966,699
Special Revenue	14,531,015	11,242,600	3,288,415
Internal Service	1,717,030	1,932,684	(215,654)
Total	<u>\$ 20,431,191</u>	<u>\$ 14,391,731</u>	<u>\$ 6,039,460</u>

2009 Budgeted vs. Actual Receipts

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,294,421	\$ 1,769,409	\$ (474,988)
Special Revenue	11,297,363	11,346,127	(48,764)
Internal Service	1,601,875	1,283,287	318,588
Total	<u>1,601,875</u>	<u>1,283,287</u>	<u>\$ (205,164)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,044,054	\$ 1,254,494	\$ 2,789,560
Special Revenue	14,591,515	11,284,488	3,307,027
Internal Service	1,770,576	1,420,000	350,576
Total	<u>\$ 20,406,145</u>	<u>\$ 13,958,982</u>	<u>\$ 6,447,163</u>

**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.



**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**5. 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 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Township contributed to OP&F an amount equal to 24% of full-time firefighter's wages. For 2010 and 2009, 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, 2010.

**6. 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 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, 2010 and 2009.

**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, 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>2010</u>	<u>2009</u>
\$69,193	\$65,702

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.

**SELF INSURANCE**

The Township provides health, vision, and life insurance to its employees through a benefits management agreement by and between the Township and Medical Benefits Administrators, Inc. a third party administrator (TPA), a subsidiary of Medical Benefits Mutual Life Insurance, Co., dated May 1, 1998. The agreement is renewed annually. The plan is funded by employee payroll deductions and Township contributions. The total plan contributions, employee and employer portions are determined on "expected claims". Actual claims are processed and deducted from the Township contributions to date. Any remaining contribution balance within the account is considered "reserves" which are planned for claims yet unreported, but expected. All contributions are deposited to a money market account. Claims over \$20,000 per occurrence are covered through a stop-loss company hired by the TPA. Participant claims are paid from another checking account by the plan administrator. All financial activity of the self-funding insurance is recorded in the Internal Service fund of the Township.

**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**7. JOINTLY GOVERNED ORGANIZATIONS**

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

**8. TRANSFER**

The Township made the following transfer during the audit period:

Transfer from FEMA	\$23,299
Transfer to Road and Bridge	\$23,299

This transfer was for reimbursements to the Road and Bridge Fund for FEMA grants that were recorded to the FEMA Fund, but were originally expensed out of the Road and Bridge Fund. The transfer was determined to be allowable and in compliance with Ohio Revised Code.

***Perry & Associates***  
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121 E Main Street  
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(740) 695-1569  
(740) 695-5775 Fax

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

September 29, 2011

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

To the Board of Trustees:

We have audited the financial statements of **Jackson Township**, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 29, 2011, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 as described in the accompanying schedule of audit findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 that we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 29, 2011.

We intend this report solely for the information and use of management, the Board of Trustees and others within the Township. We intend it for no one other than these specified parties.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

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

**FINDING NUMBER 2010-001**

**Material Weakness**

**Posting Receipts and Expenditures**

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

During 2010 and 2009, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- EMS Billing receipts were posted as Miscellaneous in the EMS Billing Fund in 2009 and Other Financing Sources in the EMS Billing Fund in 2010 instead of Charges for Services.
- Sale of land was posted as Miscellaneous in the General Fund in 2009 and Miscellaneous in the Special Revenue Fund in 2010 instead of Sale of Fixed Assets.
- Receipts and Disbursements were not properly posted to the Township's Internal Service and Agency Funds.
- Adjustments proposed during the prior audit period were not posted to the Township's UAN system.

Not posting revenues and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The Township has made all adjustments to its accounting system, and the financial statements reflect all reclassifications and adjustments.

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 revenues and expenditures 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 and expenditure accounts and posting of receipts and expenditures.

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

**JACKSON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Financial Reporting	No	Not Corrected; Repeated as Finding 2010-001
2008-002	Bank to Book Reconciliations	Yes	N/A
2008-003	ORC 5705.39 – Appropriations exceeding estimated resources	No	Partially Corrected; Moved to Management Letter

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# 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  
DECEMBER 15, 2011