

JACKSON TOWNSHIP

MONTGOMERY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012



Dave Yost • Auditor of State

Board of Trustees
Jackson Township
49 East Walnut Street
Farmersville, Ohio 45325

We have reviewed the *Independent Auditors' Report* of Jackson Township, Montgomery County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2012 through December 31, 2013. 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

August 11, 2014

This page intentionally left blank.

**JACKSON TOWNSHIP
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report	1 – 2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2013	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2012	5
Notes to the Financial Statements	6 – 13
Independent Accountants' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	15 – 16
Schedule of Findings	17 – 20
Schedule of Prior Audit Findings	21

This page intentionally left blank.



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Jackson Township
Montgomery County
49 East Walnut Street
Farmersville Ohio 45325

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Jackson Township, Montgomery County, Ohio, (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 of 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.

Dayton | 6105 N. Dixie Drive | P.O. Box 13449 | Dayton, Ohio 45414
(937) 898-3167 | Fax (937) 898-9202 | Email: dayton@manningcpallc.com

Sidney | 500 Folkerth Avenue | Sidney, Ohio 45365
(937) 492-0386 | Fax (937) 492-3262 | Email: sidney@manningcpallc.com

America Counts
On CPAs®
www.manningcpallc.com

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 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 the Jackson Township, Montgomery 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) permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 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.

MANNING

ASSOCIATES CPAs LLC

Digitally signed by MANNING ASSOCIATES CPAs
LLC
DN: cn=MANNING ASSOCIATES CPAs LLC, o, ou,
email=SCOMER@MANNINGCPALLC.COM, c=US
Date: 2014.06.30 10:29:19 -04'00'

Manning & Associates CPAs, LLC
Dayton, Ohio

June 17, 2014

This page intentionally left blank

**JACKSON TOWNSHIP
MONTGOMERY COUNTY**

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

	GOVERNMENTAL FUND TYPES		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Local Taxes	\$ 54,198	\$ 994,164	\$ 1,048,362
Charges for Services	0	359,350	359,350
Licenses, Permits and Fees	1,787	218	2,005
Fines and Forfeitures	175	4,384	4,559
Intergovernmental	121,373	222,282	343,655
Earnings on Investments	114	0	114
Miscellaneous	842	50,622	51,464
<i>Total Cash Receipts</i>	<u>178,489</u>	<u>1,631,020</u>	<u>1,809,509</u>
Cash Disbursements:			
Current:			
General Government	174,199	43,951	218,150
Public Safety	0	860,960	860,960
Public Works	0	351,724	351,724
Conservation/Recreation	0	179,044	179,044
Capital Outlay	2,331	49,325	51,656
Debt Service:			
Redemption of Principal	6,667	66,847	73,514
Interest and Other Fiscal Charges	1,633	11,936	13,569
<i>Total Cash Disbursements</i>	<u>184,830</u>	<u>1,563,787</u>	<u>1,748,617</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(6,341)</u>	<u>67,233</u>	<u>60,892</u>
<i>Net Change in Fund Cash Balances</i>	(6,341)	67,233	60,892
<i>Fund Cash Balances, January 1</i>	<u>134,389</u>	<u>915,450</u>	<u>1,049,839</u>
Fund Cash Balances, December 31			
Restricted	0	133,829	133,829
Committed	0	848,854	848,854
Unassigned (Deficit)	128,048	0	128,048
	<u>128,048</u>	<u>982,683</u>	<u>1,110,731</u>

The Notes to the Financial Statements are an integral part of this statement.

**JACKSON TOWNSHIP
MONTGOMERY COUNTY**

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

	GOVERNMENTAL FUND TYPES			Total
	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$ 41,525	\$ 1,072,797	\$ 0	\$ 1,114,322
Charges for Services	0	357,662	0	357,662
Licenses, Permits and Fees	1,051	71	0	1,122
Fines and Forfeitures	421	4,339	0	4,760
Intergovernmental	83,575	141,496	349,704	574,775
Earnings on Investments	111	0	0	111
Miscellaneous	6,456	73,264	0	79,720
<i>Total Cash Receipts</i>	<u>133,139</u>	<u>1,649,629</u>	<u>349,704</u>	<u>2,132,472</u>
Cash Disbursements:				
Current:				
General Government	110,561	34,674	0	145,235
Public Safety	0	872,938	0	872,938
Public Works	0	347,366	0	347,366
Conservation/Recreation	0	176,138	0	176,138
Capital Outlay	4,440	64,509	349,704	418,653
Debt Service:				
Redemption of Principal	6,667	64,172	0	70,839
Interest and Other Fiscal Charges	2,100	14,978	0	17,078
<i>Total Cash Disbursements</i>	<u>123,768</u>	<u>1,574,775</u>	<u>349,704</u>	<u>2,048,247</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>9,371</u>	<u>74,854</u>	<u>0</u>	<u>84,225</u>
Other Financing Receipts/(Disbursements):				
Sale of Capital Asset	0	4,936	0	4,936
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>0</u>	<u>4,936</u>	<u>0</u>	<u>4,936</u>
<i>Net Change in Fund Cash Balances</i>	9,371	79,790	0	89,161
<i>Fund Cash Balances, January 1</i>	<u>125,018</u>	<u>835,660</u>	<u>0</u>	<u>960,678</u>
Fund Cash Balances, December 31				
Restricted	0	126,086	0	126,086
Committed	0	789,364	0	789,364
Unassigned (Deficit)	134,389	0	0	134,389
	<u>134,389</u>	<u>915,450</u>	<u>0</u>	<u>1,049,839</u>

The Notes to the Financial Statements are an integral part of this statement.

**JACKSON TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jackson Township of Montgomery 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, fire protection and emergency medical services. The Township contracts with the Farmersville Fire Association, Montgomery County to provide fire services and Emergency Medical Services, Inc., to provide ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting 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 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township's accounting basis includes investments as assets. The basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains and losses at the time of sale as receipts of disbursements, respectively.

Repurchase agreements are valued 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:

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**JACKSON TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds:

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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 money for constructing, maintaining and repairing Township roads.

Police District Fund and Fire District Fund – These funds receive monies from property tax levies to finance police and fire services for the Township.

Park Levy Fund – This fund receives monies from property tax levies to finance park services.

Garbage and Waste Disposal District Fund – This fund receives monies for waste disposal.

Capital Projects Funds:

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Funds:

Chicken Bristle Road – This fund provides monies for the construction of the Chicken Bristle road project.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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 annually approves appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

**JACKSON TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

Encumbrances

The Ohio Revised Code requires the Township reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

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

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. Nonspendable

The Township classifies assets as *nonspendable* 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.

**JACKSON TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

F. Fund Balance (Continued)

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

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

H. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31 was as follows:

	2013	2012
Demand Deposits	\$ 34,931	\$ 49,038
Investments:		
Repurchase Agreement (Sweep)	1,075,800	1,000,801
Total Deposits and Investments	\$ 1,110,731	\$ 1,049,839

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

**JACKSON TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2013 was as follows:

2013 Budgeted vs. Actual Receipts

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 143,648	\$ 178,489	\$ 34,841
Special Revenue	1,566,479	1,631,020	64,541
Capital Projects	397,506	0	(397,506)
Total	<u>\$ 2,107,633</u>	<u>\$ 1,809,509</u>	<u>\$ (298,124)</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 259,871	\$ 184,830	\$ 75,041
Special Revenue	1,910,265	1,563,787	346,478
Capital Projects	397,506	0	397,506
Total	<u>\$ 2,567,642</u>	<u>\$ 1,748,617</u>	<u>\$ 819,025</u>

Budgetary activity for the year ending December 31, 2012 was as follows:

2012 Budgeted vs. Actual Receipts

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 148,553	\$ 133,139	\$ (15,414)
Special Revenue	1,549,837	1,654,565	104,728
Capital Projects	0	349,704	349,704
Total	<u>\$ 1,698,390</u>	<u>\$ 2,137,408</u>	<u>\$ 439,018</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 202,226	\$ 123,768	\$ 78,458
Special Revenue	1,973,773	1,574,775	398,998
Capital Projects	349,704	349,704	0
Total	<u>\$ 2,525,703</u>	<u>\$ 2,048,247</u>	<u>\$ 477,456</u>

**JACKSON TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

3. BUDGETARY ACTIVITY (Continued)

Compliance

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Contrary to Ohio Law, estimated resources exceeded appropriations in excess of actual receipts plus unencumbered balance in the Gasoline, Park Levy and Public Works Commission Project funds in 2013 by \$9,283, \$24,122 and \$397,506, respectively; and in 2012 the Gasoline Fund by 8,172.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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 make semiannual payment, 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.

5. DEBT

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$ 25,000	7.00%
Recreational Facility Bonds	<u>207,798</u>	4.35%
Total	<u>\$232,798</u>	

On August 31, 2000, the Township issued tax anticipation notes for the Township hall acquisition, renovation and furnishing of the existing building located at 49 East Walnut Street, in the amount of \$155,000, maturing August 1, 2015, with the interest at 7%.

The Township issued \$600,000 in Recreational Facility bonds in December 2006, for pool project renovations. The bonds will be repaid in semi-annual installments, with an interest rate of 4.35% over a ten year period, maturing in 2016. The Recreational Facility bonds are direct obligations and pledge the full faith and credit of the government.

**JACKSON TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

5. DEBT (Continued)

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

Year Ending December 31	General Obligation Note		Recreational Facility Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 10,000	\$ 1,750	\$ 66,307	\$ 8,326
2015	15,000	1,050	69,224	5,410
2016			72,267	2,366
Total	\$ 25,000	\$ 2,800	\$ 207,798	\$ 16,102

6. LEASES

The Township entered into a lease agreement with U.S Bancorp Business Equipment Finance Group for the lease purchase agreement of a 2011 Dodge Ram 4500. Final lease payment due 2014.

Future lease payments for the above leases are as follows:

Year Ending December 31:	Amount
2014	14,676
Total Minimum Lease Payments	\$14,676
Less amount representing interest	540
Present value of minimum lease payments	\$14,139

7. RETIREMENT SYSTEM

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 percent of their gross salaries and the Township contributed an amount equal to 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**JACKSON TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

8. RISK MANAGEMENT

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements 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).

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	<u>(6,687,193)</u>	<u>(5,328,761)</u>
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 17, 2014, the date on which the financial statements were available for issue.

This page intentionally left blank



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

Board of Trustees
Jackson Township
Montgomery County
49 East Walnut Street
Farmersville Ohio 45325

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Jackson Township, Montgomery County, Ohio (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 June 17, 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.

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 weakness or significant deficiencies. Therefore, unidentified material weakness or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be 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. 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. We consider Findings Number 2013-003 and 2013-004 described in the accompanying schedule of findings to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings Number 2013-001, 2013-002, and 2013-004.


Entity's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Purpose of 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.

**MANNING
ASSOCIATES
CPAs LLC**
Manning & Associates CPAs, LLC
Dayton, Ohio



Digitally signed by MANNING
ASSOCIATES CPAs LLC
DN: cn=MANNING ASSOCIATES CPAs
LLC, o, ou,
email=SCOMER@MANNINGCPALLC.CO
M, c=US
Date: 2014.06.30 10:29:00 -04'00'

June 17, 2014

**JACKSON TOWNSHIP
MONTGOMERY 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

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

1. **“Then and Now” certificate** – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the “then and Now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

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

The Township did not properly certify the availability of funds prior to purchase commitment for 4 percent and 35 percent of expenditures in 2013 and 2012, respectively; and there was no evidence that the Township followed the aforementioned exceptions. In addition, multiple purchase orders observed remained unsigned. Failure to properly certify the availability of funds can lead to misappropriation of monies and negative cash fund balances. Unless the exceptions noted above are utilized, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

**JACKSON TOWNSHIP
MONTGOMERY 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 (Continued)

To improve controls over disbursements and to help reduce the possibility that Township funds will exceed budgetary spending limitations, we recommend that the Township Fiscal Officer certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, “then and now” certification should be used. We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Response: The Fiscal Officer, who took office April 2012, has implemented procedures to comply with the necessary certifications of funds. The Fiscal Officer will review ORC Section 5705.41 (D) for proper certification of funds and proper procedures to continue to improve the Township’s compliance on PO’s.

FINDING NUMBER 2013-002

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below that current level of appropriation.

The following funds were determined to have appropriations in excess of actual receipts plus unencumbered balance:

<u>Fund Name</u>	<u>Actual Resources</u>	<u>Appropriation</u>	<u>Variance</u>
2013			
Gasoline Tax	\$132,073	\$141,357	(\$9,283)
Park Levy	271,768	295,890	(24,122)
OPWC Project	0	397,506	(397,506)
2012			
Gasoline Tax	137,076	145,248	(8,172)

**JACKSON TOWNSHIP
MONTGOMERY 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 2013-002 (Continued)

Failure to obtain the amended certificate of estimated resources did not provide the trustees with an accurate estimate of resources available for appropriations which could lead to negative fund balances. The Board should monitor receipts and amend estimated receipts when necessary to keep estimated receipts in line with actual receipts and make any corresponding amendments to its appropriations and disbursements.

Response: The Fiscal Officer and Trustees will monitor budgetary compliance more closely in the future.

FINDING NUMBER 2013-003

Material Weakness - Timely Posting of Revenues

The Township Fiscal Officer did not post revenues in a timely manner. During the audit periods, numerous receipts were posted into their computer system several days after they were received. This presented inaccurate information in monthly and on the annual financial statements and could lead to a chance of errors not being timely recognized. The timely posting of revenues is an essential internal control for the annual financial reports to accurately and completely reflect the revenues of the Township. As a result, inaccurate information was given to the Trustees for monthly review and bank reconciliation(s) included reconciling items stating deposits on bank statements not in system.

Risks associated with these conditions include the possibility of loss of revenue; missing or duplicate posting of cash receipts and disbursements; and reconciliation errors that could go undetected. To strengthen internal accounting controls, reduce errors in recording transactions, and to provide management with reasonable assurance that cash reconciliation procedures are in place, the Township should implement additional monitoring procedures.

Response: Adjusting factors have been eliminated and or corrected. The Fiscal Officer will make every effort to record receipts timely.

FINDING NUMBER 2013-004

Material Weakness - Township Books and Records/Improper Recording of Revenues and Expenditure Transactions

Ohio Admin Code Section 117-2 provides that the Township Fiscal Officer shall keep the books of the Township; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Township and income derived. In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code.

**JACKSON TOWNSHIP
MONTGOMERY 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 2013-004 (Continued)

The Township did not maintain an accurate record of all monies received. Significant adjustments were needed to reclassify receipts and expenditures to proper accounts. The following were noted:

- Debt payments were misclassified.
- Budgetary information on the Township's computer records did not agree with the information filed with the County Auditor. Failure to record and report the budgetary data accurately presents an inaccurate comparison of the budgetary activity and can mislead those using the annual financial report.

The Fiscal Officer should reconcile the year end budgetary data with the approved amounts to ensure the budgetary activity is being reported accurately. These financial statements have been adjusted to reflect the approved and reported amounts.

Failure to provide accurate and complete financial information limits management's resources for decision making and can provide a false perception of the Township's financial position. Failure to accurately prepare and reconcile the accounting records reduces the accountability over Township funds, reduces the Trustees ability to monitor financial activity, increases the likelihood that monies will be misappropriated and not detected and increases likelihood that the Township's financial statements will be misstated.

Response: The Fiscal Officer will review the Township handbook for proper reporting of debt payments and will attend annual training through the Auditor of State's office as well as make every effort to report complete and accurate information.

**JACKSON TOWNSHIP
MONTGOMERY COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2011-001	ORC Sec. 5705.41(D) - Expenditures were not properly certified	No	Reissue as Finding 2013-001
2011-002	ORC 5705.36 - Appropriations exceeding actual resources	No	Reissue as Finding 2013-002
2011-003	Failure to post revenue and reconciliations in a timely manner	No	Reissue as Finding 2013-003
2011-004	Ohio Admin Code Section 117-2 - Failure to properly post revenue and expenditures	No	Reissue as Finding 2013-004
2011-005	Failure to record on-behalf payments and amend necessary related budgetary	Yes	

This page intentionally left blank.



Dave Yost • Auditor of State

JACKSON TOWNSHIP

MONTGOMERY 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
AUGUST 21, 2014**