



**JACKSON TOWNSHIP
ASHLAND COUNTY**

NON-GAGAS AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014



Dave Yost • Auditor of State

**JACKSON TOWNSHIP
ASHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Auditor's Report	1
Combined Statement of Unclassified Cash Receipts, Unclassified Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2015	3
Combined Statement of Unclassified Cash Receipts, Unclassified Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2014	4
Notes to the Financial Statements	5
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	11
Schedule of Findings	13
Summary Schedule of Prior Audit Findings	21

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Dave Yost • Auditor of State

AUDITOR'S REPORT

Jackson Township
Ashland County
799 CR 175
West Salem, Ohio 44287

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files and reports of Jackson Township, Ashland County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014 following Ohio Administrative Code Section 117-4-02.

The accompanying financial statements present unclassified receipts and disbursements by fund type totals only. Ohio Administrative Code Section 117-2-02(A) requires governments to classify receipt and disbursement transactions.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

As discussed in Note 6, the financial statements have been restated for the year ended December 31, 2013 due to errors in prior period homestead and rollback receipts.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under Section 117.26 of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 24, 2017

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**JACKSON TOWNSHIP
ASHLAND COUNTY**

**COMBINED STATEMENT OF UNCLASSIFIED CASH RECEIPTS, UNCLASSIFIED CASH
DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Total Unclassified Cash Receipts	\$ 116,209	\$ 163,442	\$ 279,651
Cash Disbursements:			
Total Unclassified Cash Disbursements	167,086	169,718	336,804
Total Unclassified Receipts Over (Under) Unclassified Disbursements	(50,877)	(6,276)	(57,153)
Fund Cash Balances, January 1	71,415	56,811	128,226
Fund Cash Balances, December 31	\$ 20,538	\$ 50,535	\$ 71,073

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

**JACKSON TOWNSHIP
ASHLAND COUNTY**

**COMBINED STATEMENT OF UNCLASSIFIED CASH RECEIPTS, UNCLASSIFIED CASH
DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Total Unclassified Cash Receipts	\$ 90,944	\$ 153,497	\$ 244,441
Cash Disbursements:			
Total Unclassified Cash Disbursements	125,471	195,804	321,275
Total Unclassified Receipts Over (Under) Unclassified Disbursements	(34,527)	(42,307)	(76,834)
Fund Cash Balances, January 1 <i>(restated - see Note 6)</i>	105,942	99,118	205,060
Fund Cash Balances, December 31	\$ 71,415	\$ 56,811	\$ 128,226

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

**JACKSON TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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, Ashland County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, and cemetery maintenance.

The Township participates in a public entity risk pool, *Ohio Township Association Risk Management Authority* (OTARMA), which provides property and casualty coverage for its members. Note 5 to the financial statements provides additional information for this entity.

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

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.

The Township did not classify its receipts and disbursements in the accompanying financial statements. This is a material departure from the requirements of Ohio Administrative Code Section 117-2-02(A). This Ohio Administrative Code Section requires classifying receipts and disbursements.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

The Township maintains an interest bearing checking account and a money market savings account.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified 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 tax money to pay for constructing, maintaining, and repairing Township roads.

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. Appropriations lapse at year end. Contrary to Ohio law, the Township did not approve appropriations for 2014; therefore, all 2014 expenditures exceeded appropriations.

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 canceled, and re-appropriated in the subsequent year.

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 financial statements do not include a liability for unpaid leave.

**JACKSON TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. Equity in Pooled Deposits

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

	<u>2015</u>	<u>2014</u>
Demand deposits	\$71,073	\$128,226

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. 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.

4. 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 the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

5. Risk Management

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

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

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

**JACKSON TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. Risk Management (continued)

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$2,460

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>2015</u>	<u>2014</u>
\$4,641	\$4,693

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

**JACKSON TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

6. Restatement of Prior Year Fund Balances

Fund balances in the General and Special Revenue funds have been restated for the year ended December 31, 2013 to correct errors in prior period homestead & rollback receipts:

	General	Special Revenue	Total
Fund Balance at December 31, 2013	\$ 122,038	\$ 83,022	\$ 205,060
Correction in Prior Year Receipts	(16,096)	16,096	-
Adjusted Fund Balance at December 31, 2013	\$ 105,942	\$ 99,118	\$ 205,060

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Dave Yost • Auditor of State

AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Jackson Township
Ashland County
799 CR 175
West Salem, Ohio 44287

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files and reports of Jackson Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2015 and 2014 following Ohio Administrative Code Section 117-4-02. We noted the Township did not classify receipts and disbursements in the financial statements. We further noted the financial statements have been restated for the year ended December 31, 2013 due to errors in prior period homestead and rollback receipts. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

Internal Control Over Financial Reporting

During our procedures related to the internal control over financial reporting we noted matters that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the Schedule of Findings as items 2015-001, 2015-002 and 2015-004.

Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Township, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the Schedule of Findings as items 2015-002 through 2015-012.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

February 24, 2017

**JACKSON TOWNSHIP
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

FINDING 2015-001

Internal Control – Financial Reporting

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following adjustments were made to the Township's December 31, 2015 financial statement:

- Decrease total unclassified receipts and cash balance in the General fund and increase total unclassified receipts and cash balance in the Special Revenue fund by \$8,663 to correct misposting of homestead & rollback receipts (see Finding 2015-012).
- Increase total unclassified receipts and total unclassified disbursements in the General fund by \$786 to agree to underlying accounting ledgers.

The following adjustments were made to the Township's December 31, 2014 financial statement:

- Decrease beginning fund balance in the General fund and increase beginning fund balance in the Special Revenue fund by \$16,096 to correct prior period misposting of homestead & rollback receipts.
- Decrease total unclassified receipts and cash balance in the General fund and increase total unclassified receipts and cash balance in the Special Revenue fund by \$8,205 to correct misposting of homestead & rollback receipts (see Finding 2015-012).

The Township has recorded these adjustments to the financial statements and accounting records.

We recommend the Township implement additional procedures to provide assurance over the completeness and accuracy of information recorded in their accounting records and reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

JACKSON TOWNSHIP
ASHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING 2015-002

Noncompliance Citation and Internal Control – Credit Card Policy and Supporting Documentation

The use of credit cards should be specified in a policy established by the Township and should at a minimum identify authorized users, guidelines for allowable use/purchase, specify unallowable uses, reporting, monitoring of use by appropriate levels of management, and other guidelines deemed appropriate by the Township.

Additionally, **Ohio Rev. Code § 149.351** states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under **Ohio Rev. Code § 149.38 through 149.42**.

The Township used credit cards during 2014 and 2015 and did not have a credit card policy on file governing such expenditures. Furthermore, we noted the following credit card payments which had no supporting documentation:

- \$1,458 for workers compensation premium in 2014;
- \$64 for office supplies in 2015;
- \$421 for maintenance supplies in 2015;
- \$110 for conference registration fees in 2015.

Lack of a formal approved credit card policy increases the risk of unauthorized purchases. Furthermore, failure to maintain organized underlying documentation and support of financial transactions can increase the risk of fraud, inaccurate financial statements, and expenditures that are not for a proper public purpose.

We recommend the Township implement a policy to specifically identify allowable credit card expenses and consider establishing limitations on credit card usage. Also, the Township should include in the policy that all employees are required to provide itemized receipts and those receipts should be maintained in the Township's accounting records. The Board of Trustees should review the detailed credit card statements each month.

FINDING 2015-003

Noncompliance Citation – Fraud Reporting System

Ohio Rev. Code § 117.103 (B)(1) states that a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. Furthermore, **Ohio Rev. Code § 117.103 (B)(2)** states that on the effective date of this section (May 4, 2012), each public office shall make all its employees aware of the fraud-reporting system.

For 2014 and 2015, the Township neither made its current employees aware of the new fraud reporting system nor made new employees confirm receipt of this information. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

We recommend the Township communicate the fraud reporting system to its current employees and implement a process for informing new employees.

**JACKSON TOWNSHIP
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING 2015-004

Noncompliance Citation and Internal Control – Accounting Records and Monthly Reconciliations

Ohio Admin. Code § 117-2-01(D)(3) and (5) state that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

Ohio Admin. Code § 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Accurate monthly reconciliations of the ending bank account balance to the Township's ending book balance were not performed during the audit period by the Fiscal Officer. Outstanding checks, deposits in transit and other reconciling items were not detailed to enable a proper reconciliation to be performed. The lack of proper reconciliations among the bank statements, cashbook and ledgers resulted in numerous errors which remained undetected and/or uncorrected. The extensive problems with these reconciliations resulted in the need for the Township to procure from the Auditor of State's Local Government Services Division detailed proofs of cash for each month and a reconstruction of the cash book for the entire audit period which can be costly to the Township.

Additionally, the Township presented unclassified financial statements for 2014 and 2015 due to the lack of accurate posting of transactions to the accounting system.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total accounting system fund balances. We also recommend the Fiscal Officer maintain accurate listings of outstanding checks and deposits and follow up on items which have been outstanding for an extended period of time to ensure that proper credit is given to the Township for outstanding deposits, outstanding deposits are properly supported and outstanding checks are voided and paid into an unclaimed monies fund or reissued. We further recommend copies of bank reconciliations be presented to the Board of Trustees for review, approval, and use in managing and making decisions for the Township.

JACKSON TOWNSHIP
ASHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)
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FINDING 2015-005

Noncompliance Citation – Income Tax Withholdings

26 U.S.C. § 3403 states in part, that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter. IRS Publication 15 (Circular E) outlines applicable filing deadlines.

Additionally, **Ohio Rev. Code § 5747.07(B)** states that every employer required to deduct and withhold state income taxes shall file a return and shall pay the amount required by law. For an employer whose actual or required payments were less than two thousand dollars during the twelve-month period ending on the thirtieth day of June of the preceding calendar year, the employer shall make the payment of undeposited taxes for each calendar quarter during which they were required to be withheld no later than the last day of the month following the last day of March, June, September, and December each year. The employer shall file the return prescribed by the tax commissioner with the payment.

During 2014 and 2015, the Fiscal Officer failed to remit federal and state income tax withholdings timely. Failure to timely file tax withholdings could lead to the Township incurring fees and penalties.

We recommend the Fiscal Officer remit federal and state income tax withholdings by the required deadline.

JACKSON TOWNSHIP
ASHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING 2015-006

Noncompliance Citation – Retirement Withholdings

Ohio Rev. Code §145.47(B) states that the head of each state department, institution, board, and commission, and the fiscal officer of each local authority subject to this chapter, shall transmit to the Public Employees Retirement System (the “system”) for each contributor subsequent to the date of coverage an amount equal to the applicable per cent of each contributor's earnable salary at such intervals and in such form as the system shall require. The head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period. The system, after making a record of all receipts under this division, shall deposit the receipts with the treasurer of state for use as provided by this chapter.

Furthermore, **Ohio Rev. Code §145.47(C)** states that unless the penalty described in division (B) of this section for failing to timely transmit a report, pay the total amount due, or both is as follows:

- (1) At least one but not more than ten days past due, an amount equal to one per cent of the total amount due;
- (2) At least eleven but not more than thirty days past due, an amount equal to two and one-half per cent of the total amount due;
- (3) Thirty-one or more days past due, an amount equal to five per cent of the total amount due.

The penalty described in this division shall be added to and collected on the next succeeding regular employer billing. Interest at a rate set by the retirement board shall be charged on the amount of the penalty in case such penalty is not paid within thirty days after it is added to the regular employer billing.

During 2014, the Fiscal Officer failed to file retirement withholdings timely, resulting in penalties and interest in the amount of \$74 being assessed against the Township.

We recommend the Township file withholdings with the system within thirty days after the reporting period.

**JACKSON TOWNSHIP
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING 2015-007

Noncompliance Citation – Permanent Appropriations

Ohio Rev. Code § 5705.38(A) requires on or about the first day of each fiscal year, an appropriation measure be passed. The Township may pass a temporary appropriation measure to meet their ordinary expenses until April 1st, at which time a permanent appropriation measure must be passed.

Ohio Rev. Code § 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

The Township did not adopt a permanent appropriation measure for 2014. As a result, all expenditures for 2014 exceeded a duly authorized appropriation measure.

We recommend the Township Trustees adopt a permanent appropriation measure by April 1st each year. The Township should consult its legal counsel and review the Auditor of State's, Ohio Compliance Supplement, and develop a budgetary schedule and timeline to assure that all annual budgetary filings and compliance requirements are met.

FINDING 2015-008

Noncompliance Citation – Public Records Policy

Ohio Rev. Code §149.43 (E) states the Ohio Attorney General shall develop and provide to all public offices a model public records policy for responding to public records requests in compliance with Ohio Rev. Code 149.43 in order to provide guidance to public offices in developing their own public record policies. The Ohio Attorney General's office has provided an example policy at www.ag.state.oh.us/publicrecords/modelpolicy.asp.

The Public Records Policy must adhere to the following requirements:

1. The policy must be distributed to all employees for compliance with Open Records Laws. The Township is required to distribute their Public Records Policy to the employee who is the records custodian/manager of otherwise has custody of the records of that office.
2. All public offices were required by September 2007 to create a poster describing its public records policy. The poster is required to be posted in a conspicuous place in the public office.
3. The policy should be included in the employee policies and procedures manual.
4. Any schedule for destruction of records must be sent to the Ohio Historical Society for review to determine whether any of the records are of historical Value.

The Township did not adopt a Public records policy. A public records policy is required to ensure the Township is in compliance with all the public records laws. All Township employees need to be aware of the public record laws and what procedures to follow when a member of the public requests to examine public records. Failure to adopt a public records policy could lead to noncompliance with the Open Records Laws when handling public records requests.

We recommend the Township adopt a public records policy that is modeled after the example published by the Ohio Attorney General.

JACKSON TOWNSHIP
ASHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)
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FINDING 2015-009

Noncompliance Citation – Investment Training

Ohio Rev. Code § 135.22(B) states that to enhance the background and working knowledge of treasurers in investments, cash management, and ethics, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

The Fiscal Officer did not attend the annual continuing education programs provided by the Auditor of State or complete the annual exemption to the Auditor of State's office.

Lack of proper training increases the risk of the Township investing in unallowable investments.

We recommend the Fiscal officer attend the annual trainings or complete an annual exemption and submit to the Auditor of State's office.

FINDING 2015-010

Noncompliance Citation – Appropriations Exceeded Estimated Resources

Ohio Rev. Code § 5705.39 states that total appropriations from each fund should not exceed the total estimated resources. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

At December 31, 2015, total General fund appropriations (\$176,683) exceeded total estimated resources (\$150,560) by \$26,123.

This could result in the Township expending more money than it receives and could cause possible negative fund balances. A lack of funds may result in the Township being unable to meet its current obligations.

We recommend the Township ensure that estimated resources are sufficient to cover appropriations at the time of certification or amendment.

**JACKSON TOWNSHIP
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING 2015-011

Noncompliance Citation – Issuance of Form 1099

26 C.F.R § 1.6041-1 requires governments to report on Form 1099 all payments aggregating \$600 or more to independent contractors for services provided.

The Township paid Carl L. Richert II & Associates \$2,810 in 2014 and \$3,041 in 2015 for mowing services. The Township could not provide evidence a Form 1099 was issued to this independent contractor. Failure to issue required Form 1099's could result in noncompliance with federal tax law.

We recommend the Township issue Form 1099's for all payments aggregating \$600 or more made to independent contractors for services provided.

This matter will be referred to the Internal Revenue Service.

FINDING 2015-012

Noncompliance Citation – Revenue Posting

Ohio Rev. Code § 5705.10(D) states, in part, all revenue derived from a source other than the general property tax and which the law prescribes, shall be used for a particular purpose is to be paid into a special fund for such purpose.

The Township posted receipts to improper funds as follows:

- In 2014, Road & Maintenance Special Revenue fund homestead and rollback receipts totaling \$8,205 were misposted to the General Fund.
- In 2015, Road & Maintenance Special Revenue fund homestead and rollback receipts totaling \$8,663 were misposted to the General Fund.

The Township's accounting records and financial statements have been adjusted to properly record these receipts.

We recommend the Township closely monitor the posting of revenue derived for a particular purpose to ensure the revenue is paid into the special revenue fund for such purpose.

**JACKSON TOWNSHIP
ASHLAND COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Internal Control – Financial Reporting	Not corrected.	Finding is being repeated in the current audit as Finding 2015-001.
2013-002	Noncompliance Citation and Internal Control – Credit Card Policy and Supporting Documentation	Not corrected.	Finding is being repeated in the current audit as Finding 2015-002.
2013-003	Noncompliance Citation – Fraud Reporting System	Not corrected.	Finding is being repeated in the current audit as Finding 2015-003.
2013-004	Noncompliance Citation and Internal Control – Accounting Records and Monthly Reconciliations	Not corrected.	Finding is being repeated in the current audit as Finding 2015-004.
2013-005	Noncompliance Citation – Income Tax Withholdings	Not corrected.	Finding is being repeated in the current audit as Finding 2015-005.
2013-006	Noncompliance Citation – Retirement Withholdings	Not corrected.	Finding is being repeated in the current audit as Finding 2015-006.
2013-007	Noncompliance Citation – Permanent Appropriations	Not corrected.	Finding is being repeated in the current audit as Finding 2015-007.
2013-008	Noncompliance Citation – Timely Deposit of Money	Corrective action taken and finding is fully corrected.	
2013-009	Noncompliance Citation – Public Records Policy	Not corrected.	Finding is being repeated in the current audit as Finding 2015-008.
2013-010	Noncompliance Citation – Investment Training	Not corrected.	Finding is being repeated in the current audit as Finding 2015-009.
2013-011	Noncompliance Citation – Allocation of Audit Fees	Corrective action taken and finding is fully corrected.	

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Dave Yost • Auditor of State

JACKSON TOWNSHIP

ASHLAND 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
MARCH 28, 2017