



Dave Yost • Auditor of State



JACKSON TOWNSHIP  
MAHONING COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Jackson Township  
Mahoning County  
10613 Mahoning Avenue  
North Jackson, Ohio 44451

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Jackson Township, Mahoning County, (the Township) as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 2 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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, 2016 and 2015, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Jackson Township, Mahoning County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2017, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 3, 2017

**Jackson Township**  
*Mahoning County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2016*

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$171,860	\$514,457			\$686,317
Licenses, Permits and Fees	110,689	18,820			129,509
Fines and Forfeitures		25,116			25,116
Intergovernmental	44,599	271,060			315,659
Special Assessments			1,975		1,975
Earnings on Investments	458	335			793
Miscellaneous	22,782	19,190			41,972
<i>Total Cash Receipts</i>	<u>350,388</u>	<u>848,978</u>	<u>1,975</u>	<u>0</u>	<u>1,201,341</u>
<b>Cash Disbursements</b>					
Current:					
General Government	251,596	767			252,363
Public Safety	1,411	569,805			571,216
Public Works	6,028	80,649	2,156		88,833
Health	61,772				61,772
Conservation-Recreation	27,508				27,508
Capital Outlay		101,553			101,553
Debt Service:					
Principal Retirement	17,000	30,256			47,256
Interest and Fiscal Charges	31,623				31,623
<i>Total Cash Disbursements</i>	<u>396,938</u>	<u>783,030</u>	<u>2,156</u>	<u>0</u>	<u>1,182,124</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(46,550)</u>	<u>65,948</u>	<u>(181)</u>	<u>0</u>	<u>19,217</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets		34,720			34,720
Advances In	32,153	17,100			49,253
Advances Out	(17,100)	(20,000)	(12,153)		(49,253)
Other Financing Sources			12,153		12,153
<i>Total Other Financing Receipts (Disbursements)</i>	<u>15,053</u>	<u>31,820</u>	<u>0</u>	<u>0</u>	<u>46,873</u>
<i>Net Change in Fund Cash Balances</i>	<u>(31,497)</u>	<u>97,768</u>	<u>(181)</u>	<u>0</u>	<u>66,090</u>
<i>Fund Cash Balances, January 1</i>	<u>350,119</u>	<u>778,399</u>	<u>1,766</u>	<u>15,325</u>	<u>1,145,609</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable				4,168	4,168
Restricted		876,167	1,585	11,157	888,909
Assigned	318,622				318,622
<i>Fund Cash Balances, December 31</i>	<u>\$318,622</u>	<u>\$876,167</u>	<u>\$1,585</u>	<u>\$15,325</u>	<u>\$1,211,699</u>

See accompanying notes to the basic financial statements

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**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 1 – REPORTING ENTITY**

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

The Township participates in a public entity risk pool. Note 7 and Note 12 to the financial statements provides additional information for this entity.

Public Entity Risk Pools:

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. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Township participates in the Ohio Township Association Group Rating Plan (GRP) for worker's compensation.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Police District Fund*** The police district fund receives tax settlement money for the general operation of the police department.

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***The Fire District Fund*** The fire district fund receives tax settlement money for the general operation of the fire district.

***Capital Project Funds*** The capital project fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities, special assessments and other capital assets. The Township had the following significant capital project funds:

***Lighting Assessment Fund*** – The lighting assessment fund receives special assessment money through the tax settlement for the lighting districts. The proceeds are restricted for electricity associated with the lighting districts.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

***Cemetery Endowment Fund*** – The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

***Basis of Accounting***

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***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 of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

***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 approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A summary of 2016 budgetary activity appears in Note 3.

***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 certificates of deposit and savings accounts at cost.

***Capital Assets***

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

***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.

***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:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***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.

***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.

***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.

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**NOTE 3 – BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$257,103	\$350,388	\$93,285
Special Revenue	814,621	883,698	69,077
Capital Projects	13,503	14,128	625
Permanent	0	0	0
Total	\$1,085,227	\$1,248,214	\$162,987

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$619,550	\$396,938	\$222,612
Special Revenue	1,539,912	783,030	756,882
Capital Projects	12,965	2,156	10,809
Permanent	7,347	0	7,347
Total	\$2,179,774	\$1,182,124	\$997,650

**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

Demand deposits	2016 \$186,929
Certificates of deposit	2,900
Total deposits	189,829
Money Market Index Account	1,021,870
Total investments	1,021,870
Total deposits and investments	\$1,211,699

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

***Deposits***

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

***Investments***

The Township has a Money Market account which is defined by the financial institution as an interest bearing checking account. It is insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**NOTE 5 – PROPERTY TAXES**

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.

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

**NOTE 6 - INTERFUND BALANCES**

Outstanding advances at December 31, 2016, consisted of \$24,338 advanced to the Police Motor Vehicle Fund from the General Fund to purchase a police vehicle.

**NOTE 7 - RISK MANAGEMENT**

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

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

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

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, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 7 - RISK MANAGEMENT (Continued)**

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, 2016.

	<b>2016</b>
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$16,000

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.

<b>2016 Contributions to OTARMA</b>
\$34,926

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.

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

Township 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.

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%; full-time police officers contributed 13%, of their wages during the year. The Township contributed an amount equaling 14% of participants' gross salaries. The Township contributed 18.1% for full-time police officers. The Township has paid all contributions required through December 31, 2016.

**Social Security**

Township's volunteer firefighters contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**NOTE 9 – POSTEMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**NOTE 10 – DEBT**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
OPWC 2005 Blott Road Safety Upgrade	\$23,064	0%
OPWC 2009 Gault/Blott Road Storm Sewer Water Management Project	78,523	0%
Lease Township Administration Building	558,000	3.03%
2016 Ford Motor Lease Agreement	58,129	5.75%
Total	\$717,716	

The Ohio Public Works Commission (OPWC) Loan was borrowed for the Blott Road Safety Upgrade project. The police cruiser note was issued to finance the purchase of a Chevy Impala police cruiser to be used for police protection. The OPWC Loan was borrowed for the Gault/Blott Road Storm Water Management Project. This debt is backed by the full faith of the Township.

**Leases**

During fiscal year 2005, the Township entered into a Lease-Purchase Agreement with the Ohio Township Association Leasing, LLC to facilitate the acquisition, construction, installation and improvement of the new township building addition.

Lease rental payments have been capitalized in the amount of \$1,462,491. Base rental payments made in calendar year 2015 totaled \$48,350 paid by the general fund.

The following is a schedule of the base rental payments including interest component and administration and fiduciary fees required under the Lease-Purchase Agreement as of December 31, 2015:

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**NOTE 10 – DEBT (Continued)**

During 2016, the township entered into a lease agreement with the Ford Motor Company to lease to own a Dump Truck. The Township's lease rental payments have been capitalized in the amount of \$79,855.90. Base rental payments made in 2016 totaled \$21,726.53.

**Amortization**

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

Year ending December 31:	Township	OPWC Blott	OPWC	Ford
	Administration Lease	Road Safety Upgrade	Gault/Blott Road Storm Water Project	Motor Lease
2017	\$48,024	\$2,713	\$5,817	\$21,727
2018	48,124	2,713	5,817	21,727
2019	48,174	2,713	5,817	21,736
2020	48,174	2,713	5,817	
2021	48,124	2,713	5,817	
2022-2026	240,438	9,499	29,081	
2027-2031	240,670		20,357	
2032-2035	191,472			
Total	<u>\$913,200</u>	<u>\$23,064</u>	<u>\$78,523</u>	<u>\$65,190</u>

**NOTE 11 – CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

**NOTE 12 – PUBLIC ENTITY RISK POOL**

The Township participates in the Ohio Township Association Group Rating Plan (GRP) for worker's compensation. The Executive Director of the Ohio Township Association is the coordinator of the program and the Association affairs are governed by a 20 member Board comprised of four officers and 16 directors that serve as either fiscal officers or trustees. Board elections are held every other year at the Association's Winter Conference. The OTA hires CareWorksComp to administer their workers compensation program to manage workers' compensation claims and to determine program eligibility on an annual basis so that townships can receive a lower premium rate from the Bureau of Workers' Compensation (BWC). The BWC is the insurance provider and sets the annual premium rates for the program participants. Participants pay an annual administrative fee to CareWorksComp for these services.



**Jackson Township**  
*Mahoning County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2015*

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$169,464	\$502,847			\$672,311
Licenses, Permits and Fees	62,094	9,600			71,694
Fines and Forfeitures		17,365			17,365
Intergovernmental	51,119	203,864			254,983
Special Assessments			1,381		1,381
Earnings on Investments	417	319			736
Miscellaneous	17,933	24,857			42,790
<i>Total Cash Receipts</i>	<u>301,027</u>	<u>758,852</u>	<u>1,381</u>	<u>0</u>	<u>1,061,260</u>
<b>Cash Disbursements</b>					
Current:					
General Government	226,221	2,549			228,770
Public Safety	5,593	577,259			582,852
Public Works	5,963	105,178	1,068		112,209
Health	61,677				61,677
Conservation-Recreation	12,999				12,999
Capital Outlay		55,892			55,892
Debt Service:					
Principal Retirement	16,000	8,530			24,530
Interest and Fiscal Charges	32,349				32,349
<i>Total Cash Disbursements</i>	<u>360,802</u>	<u>749,408</u>	<u>1,068</u>	<u>0</u>	<u>1,111,278</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(59,775)</u>	<u>9,444</u>	<u>313</u>	<u>0</u>	<u>(50,018)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	42,528				42,528
Advances In	72,580	82,238			154,818
Advances Out	(82,238)	(55,000)	(17,580)		(154,818)
Other Financing Sources			17,580		17,580
<i>Total Other Financing Receipts (Disbursements)</i>	<u>32,870</u>	<u>27,238</u>	<u>0</u>	<u>0</u>	<u>60,108</u>
<i>Net Change in Fund Cash Balances</i>	<u>(26,905)</u>	<u>36,682</u>	<u>313</u>	<u>0</u>	<u>10,090</u>
<i>Fund Cash Balances, January 1</i>	<u>377,024</u>	<u>741,717</u>	<u>1,453</u>	<u>15,325</u>	<u>1,135,519</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable				4,168	4,168
Restricted		778,399	1,766	11,157	791,322
Assigned	350,119				350,119
<i>Fund Cash Balances, December 31</i>	<u>\$350,119</u>	<u>\$778,399</u>	<u>\$1,766</u>	<u>\$15,325</u>	<u>\$1,145,609</u>

See accompanying notes to the basic financial statements

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**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**NOTE 1 – REPORTING ENTITY**

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

The Township participates in a public entity risk pool. Note 8 and Note 13 to the financial statements provides additional information for this entity.

Public Entity Risk Pools:

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. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Township participates in the Ohio Township Association Group Rating Plan (GRP) for worker's compensation.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Police District Fund*** The police district fund receives tax settlement money for the general operation of the police department.

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***The Fire District Fund*** The fire district fund receives tax settlement money for the general operation of the fire district.

***Capital Project Funds*** The capital project fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities, special assessments and other capital assets. The Township had the following significant capital project funds:

***Lighting Assessment Fund*** – The lighting assessment fund receives special assessment money through the tax settlement for the lighting districts. The proceeds are restricted for electricity associated with the lighting districts.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

***Cemetery Endowment Fund*** – The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

***Basis of Accounting***

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***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 of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

***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 approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2015 budgetary activity appears in Note 3.

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Encumbrances** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2015 budgetary activity appears in Note 3.

**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 certificates of deposit and savings accounts at cost.

**Capital Assets**

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

**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.

**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:

**Nonspendable** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**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.

**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.

**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.

**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.

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**NOTE 3 – BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$216,600	\$343,555	\$126,955
Special Revenue	698,818	758,852	60,034
Capital Projects	28,588	18,961	(9,627)
Permanent	0	0	0
Total	\$944,006	\$1,121,368	\$177,362

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$588,800	\$360,802	\$227,998
Special Revenue	1,435,731	749,408	686,323
Capital Projects	2,803	1,068	1,735
Permanent	7,347	0	7,347
Total	\$2,034,681	\$1,111,278	\$923,403

**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

	2015
Demand deposits	\$221,630
Certificates of deposit	2,900
Total deposits	224,530
Money Market Index Account	921,079
Total investments	921,079
Total deposits and investments	\$1,145,609

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

***Deposits***

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

***Investments***

The Township has a Money Market account which is defined by the financial institution as an interest bearing checking account. It is insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**NOTE 5 – PROPERTY TAXES**

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.

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

**NOTE 6 - INTERFUND BALANCES**

Outstanding advances at December 31, 2015, consisted of \$18,183 advanced to the Police Motor Vehicle Fund from the General Fund to purchase a police vehicle.

**NOTE 7 - RISK MANAGEMENT**

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

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

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

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.

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

**NOTE 7 - RISK MANAGEMENT (Continued)**

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, 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 \$18,000.

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>2015</u>	<u>2014</u>
\$ 32,867	\$ 29,982

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.

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

Township 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. OPERS members contributed 10%; full-time police officers contributed 13%, of their wages during the year. The Township contributed an amount equaling 14% of participants' gross salaries. The Township contributed 18.1% for full-time police officers. The Township has paid all contributions required through December 31, 2015.



**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

***Social Security***

Township's volunteer firefighters contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**NOTE 9 – POSTEMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**NOTE 10 – DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
OPWC 2005 Blott Road Safety Upgrade	\$25,777	0%
OPWC 2009 Gault/Blott Road Storm Sewer Water Management Project	\$84,340	0%
Lease Township Administration Building	\$575,000	3.03%
Total	\$685,117	

The Ohio Public Works Commission (OPWC) Loan was borrowed for the Blott Road Safety Upgrade project. The police cruiser note was issued to finance the purchase of a Chevy Impala police cruiser to be used for police protection. The OPWC Loan was borrowed for the Gault/Blott Road Storm Water Management Project. This debt is backed by the full faith of the Township.

***Leases***

During fiscal year 2005, the Township entered into a Lease-Purchase Agreement with the Ohio Township Association Leasing, LLC to facilitate the acquisition, construction, installation and improvement of the new township building addition.

Lease rental payments have been capitalized in the amount of \$1,462,491. Base rental payments made in calendar year 2015 totaled \$48,350 paid by the general fund.

The following is a schedule of the base rental payments including interest component and administration and fiduciary fees required under the Lease-Purchase Agreement as of December 31, 2015:

**Jackson Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

**NOTE 10 – DEBT (Continued)**

***Amortization***

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

Year ending December 31:	Township Administration Lease	OPWC Blott Road Safety Upgrade	OPWC Gault/Blott Road Storm Water Project
2016	\$48,623	\$2,713	\$5,817
2017	48,024	2,713	5,817
2018	48,124	2,713	5,817
2019	48,174	2,713	5,817
2020	48,174	2,713	5,817
2021-2025	240,721	12,212	29,082
2026-2030	240,858		26,173
2031-2035	239,125		
Total	<u>\$961,823</u>	<u>\$25,777</u>	<u>\$84,340</u>

**NOTE 11 – CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

**NOTE 12 – PUBLIC ENTITY RISK POOL**

The Township participates in the Ohio Township Association Group Rating Plan (GRP) for worker's compensation. The Executive Director of the Ohio Township Association is the coordinator of the program and the Association affairs are governed by a 20 member Board comprised of four officers and 16 directors that serve as either fiscal officers or trustees. Board elections are held every other year at the Association's Winter Conference. The OTA hires CareWorksComp to administer their workers compensation program to manage workers' compensation claims and to determine program eligibility on an annual basis so that townships can receive a lower premium rate from the Bureau of Workers' Compensation (BWC). The BWC is the insurance provider and sets the annual premium rates for the program participants. Participants pay an annual administrative fee to CareWorksComp for these services.



# Dave Yost • Auditor of State

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

Jackson Township  
Mahoning County  
10613 Mahoning Avenue  
North Jackson, Ohio 44451

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Jackson Township, Mahoning County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated August 3, 2017 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

August 3, 2017



# Dave Yost • Auditor of State

**JACKSON TOWNSHIP**

**MAHONING 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 24, 2017**