

JACKSON TOWNSHIP
AUGLAIZE COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009



Dave Yost • Auditor of State

Board of Trustees
Jackson Township
47 N. Main Street
Minster, Ohio 45865

We have reviewed the *Independent Auditor's Report* of Jackson Township, Auglaize County, prepared by E.S. Evans and Company, for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Jackson Township is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

June 28, 2011

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JACKSON TOWNSHIP
AUGLAIZE COUNTY, OHIO

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E.S. Evans and Company

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Steven D. Hooker, CPA • John E. Klay, CPA

May 6, 2011

INDEPENDENT AUDITOR'S REPORT

Jackson Township
Auglaize County, Ohio

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

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

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

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

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated May 6, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in red ink, appearing to read "E. L. Green and Associates", is located in the lower right quadrant of the page.

JACKSON TOWNSHIP
AUGLAIZE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES

For the Year Ended December 31, 2010

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
<u>Cash Receipts:</u>				
Local Taxes	\$ 68,366	\$ 50,377	\$ -	\$ 118,743
Charges for Service	-	5,685	-	5,685
Fines, Licenses & Permits	911	-	-	911
Intergovernmental Revenues	63,091	104,607	32,200	199,898
Interest Revenues	10,389	13,813	-	24,202
Total Cash Receipts	142,757	174,482	32,200	349,439
<u>Cash Disbursements:</u>				
Current -				
General Government	84,198	-	-	84,198
Public Safety	43,839	-	-	43,839
Public Works	713	87,964	-	88,677
Health	642	-	-	642
Capital Outlay	62,126	-	32,200	94,326
Total Cash Disbursements	191,518	87,964	32,200	311,682
Total Cash Receipts Over/(Under)				
Cash Disbursements	(48,761)	86,518	-	37,757
<u>Fund Cash Balance - January 1, 2010</u>	383,540	761,123	-	1,144,663
<u>Fund Cash Balance - December 31, 2010</u>	\$ 334,779	\$ 847,641	\$ -	\$ 1,182,420

The accompanying notes are an integral part
of these financial statements.

JACKSON TOWNSHIP
AUGLAIZE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES

For the Year Ended December 31, 2009

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<u>Cash Receipts:</u>			
Local Taxes	\$ 67,433	\$ 49,384	\$ 116,817
Fines, Licenses & Permits	2,126	-	2,126
Intergovernmental Revenues	59,130	103,447	162,577
Interest Revenues	12,013	13,737	25,750
Total Cash Receipts	140,702	166,568	307,270
<u>Cash Disbursements:</u>			
Current -			
General Government	78,799	-	78,799
Public Safety	47,619	-	47,619
Public Works	911	90,027	90,938
Health	640	-	640
Capital Outlay	-	6,747	6,747
Total Cash Disbursements	127,969	96,774	224,743
Total Cash Receipts Over/(Under)			
Cash Disbursements	12,733	69,794	82,527
<u>Fund Cash Balance - January 1, 2009</u>	370,807	691,329	1,062,136
<u>Fund Cash Balance - December 31, 2009</u>	\$ 383,540	\$ 761,123	\$ 1,144,663

The accompanying notes are an integral part
of these financial statements.

JACKSON TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Jackson Township, Auglaize County, (the Township), as a political and corporate body. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the Village of Minster to provide fire protection services and the Minster Area Life Squad to provide ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. Note 6 to the financial statements provide additional information for this entity.

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

Basis of Accounting

These financial statements follow the accounting basis prescribed or permitted by the Auditor of State. This basis is similar to the cash receipts and disbursements basis of accounting. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

JACKSON TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Special Revenue Funds

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

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

Motor Vehicle License Fund – This fund receives motor vehicle license tax money to pay for constructing, maintaining, and repairing Township roads.

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

Permissive Motor Vehicle License Fund – This fund receives permissive motor vehicle license tax money to pay for constructing, maintaining, and repairing Township roads

Capital Projects Fund

The Capital Projects Fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital projects funds:

Public Works Commission Projects Fund – This fund accounts for a grant from the State of Ohio to repave roads .

Budgetary Process

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

Estimated Resources

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

JACKSON TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 1 - Summary of Significant Accounting Policies - (continued)

Budgetary Process – (continued)

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

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.

Note 2 – Equity in Pooled Deposits and Investments

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

	<u>2010</u>		<u>2009</u>
Demand Deposits	\$ 442,709	\$	254,999
Certificates of Deposit	469,664		889,664
Money Market Savings	270,047		-
Total	<u>\$ 1,182,420</u>	<u>\$</u>	<u>1,144,663</u>

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

JACKSON TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 3 – Budgetary Activity

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

2010 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 493,811	\$ 142,757	\$ (351,054)
Special Revenue	919,933	174,482	(745,451)
Capital Projects	32,200	32,200	-
	<u>\$ 1,445,944</u>	<u>\$ 349,439</u>	<u>\$ (1,096,505)</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 493,811	\$ 191,518	\$ 302,293
Special Revenue	919,933	87,964	831,969
Capital Projects	32,200	32,200	-
	<u>\$ 1,445,944</u>	<u>\$ 311,682</u>	<u>\$ 1,134,262</u>

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 480,475	\$ 140,702	\$ (339,773)
Special Revenue	847,681	166,568	(681,113)
	<u>\$ 1,328,156</u>	<u>\$ 307,270</u>	<u>\$ (1,020,886)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 480,475	\$ 127,969	\$ 352,506
Special Revenue	847,681	96,774	750,907
	<u>\$ 1,328,156</u>	<u>\$ 224,743</u>	<u>\$ 1,103,413</u>

JACKSON TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 4 - Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopts 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 State pays the Township amounts equaling these deductions. The Township includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30.

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

Note 5 – Retirement Systems

Ohio Public Employees Retirement System (OPERS)

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 retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10 percent of their gross salary. The Township contributed an amount equal to 14 percent of participants' gross salaries. The Township has paid all required contributions through December 31, 2010.

Note 6 - Risk Management

Risk Pool Membership

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

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

JACKSON TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 6 - Risk Management – (continued)

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2009 and 2008 (the latest information available):

	<u>2009</u>		<u>2008</u>
Assets	\$ 38,983,088	\$	40,737,740
Liabilities	<u>(12,880,766)</u>		<u>(12,981,818)</u>
Retained Earnings	<u>\$ 26,102,322</u>	\$	<u>27,755,922</u>

JACKSON TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 6 - Risk Management – (continued)

At December 31, 2009 and 2008, respectively, liabilities noted above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million and \$10.9 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

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.

The Townships contributions to OTARMA for the past three years are as follows:

Township Contributions to <u>OTARMA</u>	
2008	\$4,115
2009	3,846
2010	3,569

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 became the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Note 7 - Commitments

The Township and Village of Minster committed to buying a new fire tanker truck on December 1, 2009 . The Township agreed to pay 2/3rds of the total cost. The Township paid \$62,126.20 on June 30, 2010 and the balance of their share was paid on March 31, 2011 in the amount of \$112,825.64.

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E.S. Evans and Company

Certified Public Accountants

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Steven D. Hooker, CPA • John E. Klay, CPA

May 6, 2011

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

Jackson Township
Auglaize County, Ohio

We have audited the financial statements of the Jackson Township, Auglaize County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 6, 2011, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' Government Auditing Standards.

Internal Control Over Financial Reporting

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

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 more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 6, 2011.

Compliance and Other Matters

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

We intend this report solely for the information and use of management of Jackson Township and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.

A handwritten signature in red ink, appearing to read "E. L. Evans and Company".



Dave Yost • Auditor of State

JACKSON TOWNSHIP

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 12, 2011