



***JACKSON TOWNSHIP, JACKSON COUNTY***

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**Regular Audit**

**For the Years Ended December 31, 2011 and 2010**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

Board of Trustees  
Jackson Township  
538 Sparks Road  
Ray, OH 45672

We have reviewed the *Independent Auditor's Report* of Jackson Township, Jackson County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. 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.

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

Dave Yost  
Auditor of State

July 16, 2012

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**JACKSON TOWNSHIP, JACKSON COUNTY**  
Table of Contents  
For the Years Ended December 31, 2011 and 2010

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Independent Auditor's Report .....	1
<b>GENERAL PURPOSE FINANCIAL STATEMENTS:</b>	
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2011 .....	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2010 .....	4
Notes to the Financial Statements .....	5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards .....	14
Schedule of Findings .....	16
Schedule of Prior Audit Findings .....	17

## Independent Auditor's Report

Board of Trustees  
Jackson Township, Jackson County  
538 Sparks Road  
Ray, OH 45672

We have audited the accompanying financial statements of Jackson Township (the Township), Jackson County as of and for the years ended December 31, 2011 and 2010. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Township 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2011 and 2010. Instead of the combined funds the accompanying financial statements presents for 2011 and 2010, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2011 and 2010. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to the GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. 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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position for the years then ended.

Board of Trustees  
Jackson Township, Jackson County  
Independent Auditor's Report

Also, in our opinion, the financial statements referred to in the first paragraph above presents fairly, in all material respects, the combined fund cash balances of the Township, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

As described in Note 9, the Township has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 11, 2012 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 grants. While we do 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* and should be read in conjunction with this report when considering the results of our audit.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

May 11, 2012

**JACKSON TOWNSHIP, JACKSON COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2011**

	Governmental Fund Types				Totals
	General	Special Revenue	Capital Projects	Permanent Funds	
<b><u>Cash Receipts:</u></b>					
Property and Other Local Taxes	\$52,051	\$0	\$120,675	\$0	\$172,726
Intergovernmental	19,229	144,354	0	0	163,583
Earnings on Investments	85	97	0	5	187
Other Revenue	2,124	11,290	0	0	13,414
<b>Total Cash Receipts</b>	<b>73,489</b>	<b>155,741</b>	<b>120,675</b>	<b>5</b>	<b>349,910</b>
<b><u>Cash Disbursements:</u></b>					
<i>Current:</i>					
General Government	60,953	0	0	0	60,953
Public Safety	15,350	0	0	0	15,350
Public Works	569	229,460	0	0	230,029
Health	0	73	0	0	73
Capital Outlay	2,473	0	65,889	0	68,362
<i>Debt Service:</i>					
Principal Retirement	0	4,176	0	0	4,176
Interest and Fiscal Charges	0	389	0	0	389
<b>Total Cash Disbursements</b>	<b>79,345</b>	<b>234,098</b>	<b>65,889</b>	<b>0</b>	<b>379,332</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(5,856)</b>	<b>(78,357)</b>	<b>54,786</b>	<b>5</b>	<b>(29,422)</b>
<b>Fund Cash Balances, January 1</b>	<b>136,373</b>	<b>209,550</b>	<b>39,277</b>	<b>4,433</b>	<b>389,633</b>
Restricted	0	131,193	0	4,438	135,631
Committed	0	0	94,063	0	94,063
Unassigned	130,517	0	0	0	130,517
<b>Fund Cash Balances, December 31</b>	<b>\$130,517</b>	<b>\$131,193</b>	<b>\$94,063</b>	<b>\$4,438</b>	<b>\$360,211</b>

See accompanying notes to the financial statements.



**JACKSON TOWNSHIP, JACKSON COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2010**

	Governmental Fund Types				Totals
	General	Special Revenue	Capital Projects	Permanent Funds	
<b><u>Cash Receipts:</u></b>					
Property and Other Local Taxes	\$61,746	\$0	\$91,827	\$0	\$153,573
Intergovernmental	19,923	197,293	0	0	217,216
Earnings on Investments	161	222	0	0	383
Other Revenue	3,847	806	0	0	4,653
<b>Total Cash Receipts</b>	<b>85,677</b>	<b>198,321</b>	<b>91,827</b>	<b>0</b>	<b>375,825</b>
<b><u>Cash Disbursements:</u></b>					
<i>Current:</i>					
General Government	75,583	0	0	0	75,583
Public Safety	15,800	0	0	0	15,800
Public Works	560	148,169	0	0	148,729
Health	1,354	0	0	0	1,354
Capital Outlay	0	0	131,715	0	131,715
<i>Debt Service:</i>					
Principal Retirement	0	3,992	0	0	3,992
Interest and Fiscal Charges	0	572	0	0	572
<b>Total Cash Disbursements</b>	<b>93,297</b>	<b>152,733</b>	<b>131,715</b>	<b>0</b>	<b>377,745</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(7,620)</b>	<b>45,588</b>	<b>(39,888)</b>	<b>0</b>	<b>(1,920)</b>
<b><u>Other Financing Receipts:</u></b>					
Other Financing Uses	(227)	0	0	0	(227)
<b>Total Other Financing Receipts</b>	<b>(227)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(227)</b>
Excess of Revenues and Other Financing Receipts (Uses) Over (Under) Expenditures and Other Uses	(7,847)	45,588	(39,888)	0	(2,147)
<b>Fund Cash Balances, January 1</b>	<b>144,220</b>	<b>163,962</b>	<b>79,165</b>	<b>4,433</b>	<b>391,780</b>
<b>Fund Cash Balances, December 31</b>	<b>\$136,373</b>	<b>\$209,550</b>	<b>\$39,277</b>	<b>\$4,433</b>	<b>\$389,633</b>

See accompanying notes to the financial statements.

**JACKSON TOWNSHIP, JACKSON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

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**Note 1 – Reporting Entity**

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

The Township provides general government services, maintenance of Township roads and bridges and cemetery maintenance. The Township contracts with the Village of Coalton and Jefferson Township, Ross County, to provide fire services.

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 Accounting**

The Township's financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**Fund Accounting**

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

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

**Special Revenue Funds:** These funds are used to account for proceeds from specific sources (other than trusts or 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 is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the state, and used for the repair and maintenance of Township roads.

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

**Capital Project Fund:** This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

*Permanent Improvement Fund* – The Township receives sales tax monies from the County Auditor to finance major capital projects.

**JACKSON TOWNSHIP, JACKSON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

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**Note 2 – Summary of Significant Accounting Policies** - (continued)

**Permanent Fund:** These funds are used to account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's program. The Township had the following significant permanent fund.

*K-B Cemetery Trust Fund* – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the K-B cemetery.

*Limerick Cemetery Trust Fund* – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Limerick cemetery.

**Budgetary Process**

The Ohio Revised Code requires that each Township 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. The Ross County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

**Estimated Resources:** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The Ross County Budget Commission must also certify estimated resources.

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

A summary of 2011 and 2010 budgetary activity appears in Note 4.

**Fund Balances**

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.

**JACKSON TOWNSHIP, JACKSON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

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**Note 2 – Summary of Significant Accounting Policies** - (continued)

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Property, Plant and Equipment

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**Note 3 – Cash and Investments**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Township had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31, 2011	December 31, 2010
Demand Deposits	\$359,784	\$389,133
Certificate of Deposit	500	500
	<u>\$360,284</u>	<u>\$389,633</u>

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

**JACKSON TOWNSHIP, JACKSON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

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**Note 4 – Budgetary Basis of Accounting**

The Township’s budgetary activity for the years ending December 31, 2011 and December 31, 2010 was as follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$90,000	\$73,489	(\$16,511)
Special Revenue	107,125	155,741	48,616
Capital Projects	90,000	120,675	30,675
Permanent	0	5	5
<i>Total</i>	<u>\$287,025</u>	<u>\$349,910</u>	<u>\$62,885</u>

2011 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$147,627	\$79,345	\$68,282
Special Revenue	310,921	234,025	76,896
Capital Projects	130,000	65,889	64,111
Permanent	4,500	0	4,500
<i>Total</i>	<u>\$593,048</u>	<u>\$379,259</u>	<u>\$213,789</u>

**JACKSON TOWNSHIP, JACKSON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

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**Note 4 – Budgetary Basis of Accounting** - (continued)

2010 Budgeted vs. Actual Receipts

Receipts			
Fund Type	Budgeted	Actual	Variance
General	\$95,000	\$85,677	(\$9,323)
Special Revenue	107,000	198,321	91,321
Capital Project	90,000	91,827	1,827
Permanent	0	0	0
<i>Total</i>	<u>\$292,000</u>	<u>\$375,825</u>	<u>\$83,825</u>

2010 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$127,400	\$93,524	\$33,876
Special Revenue	202,500	152,733	49,767
Capital Project	135,000	131,715	3,285
Permanent	0	0	0
<i>Total</i>	<u>\$464,900</u>	<u>\$377,972</u>	<u>\$86,928</u>

**JACKSON TOWNSHIP, JACKSON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

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**Note 5- Debt**

Debt outstanding at December 31, 2011 was as follows:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Balance 12-31-10</u>	<u>Issued in 2011</u>	<u>Retired In 2011</u>	<u>Principal Balance 12-31-11</u>
Truck Loan	2007	4.60%	\$8,455	\$0	\$4,176	\$4,279

Debt outstanding at December 31, 2010 was as follows:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Balance 12-31-09</u>	<u>Issued in 2010</u>	<u>Retired In 2010</u>	<u>Principal Balance 12-31-10</u>
Truck Loan	2007	4.60%	\$12,447	\$0	\$3,992	\$8,455

In 2007, the Township purchased a truck a third-party financing company to be used for maintenance of Township roads. The loan is supported by the full faith and credit of the Township and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

<u>Year Ended December 31:</u>	<u>Truck Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$4,279	\$197
Total	\$4,279	\$197

**Note 6 – Property Taxes**

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31, and the second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by April 30.

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

**JACKSON TOWNSHIP, JACKSON COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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**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.

**Risk Pool Membership**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2011, the Township contracted with 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP.) 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 Coverage**

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$13,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to the annual aggregate limit of \$10,000,000.

**Property Coverage**

The Travelers Indemnity Company reinsures specific losses exceeding \$500,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$150,000 up to \$500,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide property aggregate stop loss coverage to APEEP based upon the combined Members' Total Insurable Value (TIV). If the stop loss is reached by payment of the Pools retained losses, Travelers will then reinsure property specific losses in excess of the retention up to their \$600,000,000 per occurrence limit. Additionally, effective January 1, 2009, APEEP provides an additional aggregate for the \$50,000 excess \$100,000 layer, with the aggregate limit tied to TIV, for the insurance coverage's to the Pools.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009:



**JACKSON TOWNSHIP, JACKSON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

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**Note 7 – Risk Management –** (Continued)

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

At December 31, 2010 and 2009, respectively, liabilities noted above include approximately \$9.9 million and \$12.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$9.5 million and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims is approximately \$12,186.

Based on discussions with OTARMA the expected rates charged by OTARMA 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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township's contributions to OTARMA for the years ending December 31, 2011 and 2010 were \$6,093 and \$6,265, respectively.

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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 – Retirement Systems**

The Township's employees belong to the Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2011 and 2010, members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

**JACKSON TOWNSHIP, JACKSON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

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**Note 9 – Chance in Accounting Principle and Prior Period Adjustment**

For 2011, the Township implemented GASB Statement No. 54, “Fund Balances Reporting and Governmental Fund Type Definitions”. The implementation of this statement did not result in any change in the Townships financial statements.

**2010 Prior Period Adjustment**

In January 2010, the Township had voided previously issued checks. This resulted in a restatement of the prior period cash balance.

	General Fund
Net Assets at December 31, 2010	\$142,180
Overstatement of Cash and Cash Equivalents	40
Adjusted net Assets at December 31, 2010	\$142,220

**Note 10 – Fund Cash Balances**

As of December 31, 2011, fund balances are composed of the following:

	General	Special Revenue	Capital Projects	Permanent Funds	Total
<i>Restricted:</i>					
Transportation	\$0	\$121,266	\$0	\$0	\$121,266
Cemetery	0	9,927	0	4,438	14,365
<i>Committed:</i>					
Capital Improvements	0	0	94,063	0	94,063
<i>Unassigned</i>	130,517	0	0	0	130,517
<b>Total</b>	<b>\$130,517</b>	<b>\$131,193</b>	<b>\$94,063</b>	<b>\$4,438</b>	<b>\$360,211</b>

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards**

Board of Trustees  
Jackson Township, Jackson County  
538 Sparks Road  
Ray, OH 45672

We have audited the accompanying financial statement of Jackson Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 11, 2012, wherein we noted that the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and wherein we noted the Township adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of deficiency, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

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

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 11, 2012.

We intend this report solely for the information and use of the Board of Trustees and management, and is not intended to be and should not be used by anyone other than these specified parties.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

May 11, 2012

**JACKSON TOWNSHIP, JACKSON COUNTY**  
*Schedule of Findings*  
*For the Years Ended December 31, 2011 and 2010*

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

***Finding Number 2011-001***

**Financial Statement Adjustments - Material Weakness**

Rule 117-2-01(A) and 117-2-01(B)(1) of the Ohio Administrative Code directs all public offices to design and operate a system of internal control that is adequate to provide reasonable assurance regarding the reliability of financial reporting.

Sound financial reporting is the responsibility of the Fiscal Officer and Township Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. It is also important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

The following audit adjustments were made to the December 31, 2011 and December 31, 2010 financial statements:

1. To reclassify Principle Retirement and Interest and Fiscal Charges from Public Works in the Gasoline Tax Fund for 2011 and 2010.

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

These reclassification entries have been made to the financial statements.

We recommend the Township adopt policies and procedures for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increasing the reliability of the financial data throughout the year.

**Officials' Response**

We did not receive a response from the Township to the finding above.

**JACKSON TOWNSHIP, JACKSON COUNTY**  
**Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2011 and 2010**

Description	Status	Comments
<b><i>Government Auditing Standards:</i></b>		
<i>Noncompliance</i> - Ohio Rev. Code Section 5705.41(D) - funds were not certified as available prior to commitment.	Corrected	Corrected
Financial Statement Adjustments - Ohio Admin. Code Rule 117-2-01(A) and 117-2-01(B)(1) - All public offices to design and operate a system of internal control that is adequate to provide reasonable assurance regarding the reliability of financial reporting.	Not Corrected	Re-issued as 2011-001



# Dave Yost • Auditor of State

JACKSON TOWNSHIP

JACKSON 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 26, 2012