



JACKSON TOWNSHIP, JACKSON COUNTY

Regular Audit

**For the Years Ended
December 31, 2013 and 2012**

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, Ohio 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, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

July 3, 2014

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JACKSON TOWNSHIP, JACKSON COUNTY
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Jackson Township, Jackson County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Jackson Township, Jackson County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 12, 2014 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. The 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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

May 12, 2014

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, 2013

	Governmental Fund Types				Totals
	General	Special Revenue	Capital Project	Permanent	
<u>Cash Receipts:</u>					
Property and Other Local Taxes	\$58,405	\$0	\$96,798	\$0	\$155,203
Intergovernmental	9,528	95,311	0	0	104,839
Earnings on Investments	22	9	0	2	33
Other Revenue	2,476	1,880	0	0	4,356
Total Cash Receipts	70,431	97,200	96,798	2	264,431
<u>Cash Disbursements:</u>					
<i>Current:</i>					
General Government	68,173	0	0	0	68,173
Public Safety	21,470	0	0	0	21,470
Public Works	740	124,879	0	0	125,619
Health	870	83	0	0	953
Capital Outlay	0	0	139,691	0	139,691
Total Cash Disbursements	91,253	124,962	139,691	0	355,906
Total Cash Receipts Over/(Under) Cash Disbursements	(20,822)	(27,762)	(42,893)	2	(91,475)
Fund Cash Balances, January 1	118,459	123,961	82,671	4,486	329,577
Restricted	0	96,199	0	4,488	100,687
Committed	0	0	39,778	0	39,778
Unassigned	97,637	0	0	0	97,637
Fund Cash Balances, December 31	\$97,637	\$96,199	\$39,778	\$4,488	\$238,102

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, 2012

	Governmental Fund Types				Totals
	General	Special Revenue	Capital Project	Permanent	
<u>Cash Receipts:</u>					
Property and Other Local Taxes	\$59,829	\$0	\$101,998	\$0	\$161,827
Intergovernmental	14,315	110,864	0	0	125,179
Earnings on Investments	28	26	0	3	57
Other Revenue	2,719	0	0	45	2,764
Total Cash Receipts	76,891	110,890	101,998	48	289,827
<u>Cash Disbursements:</u>					
<i>Current:</i>					
General Government	71,138	0	0	0	71,138
Public Safety	14,957	0	0	0	14,957
Public Works	569	106,824	0	0	107,393
Health	2,285	176	0	0	2,461
Capital Outlay	0	6,634	113,390	0	120,024
<i>Debt Service:</i>					
Principal Retirement	0	4,279	0	0	4,279
Interest and Fiscal Charges	0	209	0	0	209
Total Cash Disbursements	88,949	118,122	113,390	0	320,461
Total Cash Receipts Over/(Under) Cash Disbursements	(12,058)	(7,232)	(11,392)	48	(30,634)
Fund Cash Balances, January 1	130,517	131,193	94,063	4,438	360,211
Restricted	0	123,961	0	4,486	128,447
Committed	0	0	82,671	0	82,671
Unassigned	118,459	0	0	0	118,459
Fund Cash Balances, December 31	\$118,459	\$123,961	\$82,671	\$4,486	\$329,577

See accompanying notes to the financial statements.

JACKSON TOWNSHIP, JACKSON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

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, 2013 and 2012

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 funds.

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 2013 and 2012 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, 2013 and 2012

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, 2013	December 31, 2012
Demand Deposits	\$237,602	\$329,077
Certificate of Deposit	500	500
	<u>\$238,102</u>	<u>\$329,577</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, 2013 and 2012

Note 4 – Budgetary Basis of Accounting

The Township’s budgetary activity for the years ending December 31, 2013 and December 31, 2012 was as follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$80,000	\$70,431	(\$9,569)
Special Revenue	102,501	97,200	(5,301)
Capital Projects	95,000	96,798	1,798
Permanent	20	2	(18)
<i>Total</i>	<u>\$277,521</u>	<u>\$264,431</u>	<u>(\$13,090)</u>

2013 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$146,400	\$91,253	\$55,147
Special Revenue	217,500	124,962	92,538
Capital Projects	170,000	139,691	30,309
Permanent	3,850	0	3,850
<i>Total</i>	<u>\$537,750</u>	<u>\$355,906</u>	<u>\$181,844</u>

JACKSON TOWNSHIP, JACKSON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 4 – Budgetary Basis of Accounting - (continued)

2012 Budgeted vs. Actual Receipts

Receipts			
Fund Type	Budgeted	Actual	Variance
General	\$80,000	\$76,891	(\$3,109)
Special Revenue	102,000	110,890	8,890
Capital Project	90,000	101,998	11,998
Permanent	20	48	28
<i>Total</i>	<u>\$272,020</u>	<u>\$289,827</u>	<u>\$17,807</u>

2012 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$146,400	\$88,949	\$57,451
Special Revenue	229,714	118,122	111,592
Capital Project	150,000	113,390	36,610
Permanent	3,850	0	3,850
<i>Total</i>	<u>\$529,964</u>	<u>\$320,461</u>	<u>\$209,503</u>

JACKSON TOWNSHIP, JACKSON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 5- Debt

Debt outstanding at December 31, 2012 was as follows:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Balance 12-31-11</u>	<u>Issued in 2012</u>	<u>Retired In 2012</u>	<u>Principal Balance 12-31-12</u>
Truck Loan	2007	4.60%	<u>\$4,279</u>	<u>\$0</u>	<u>\$4,279</u>	<u>\$0</u>

In 2007, the Township purchased a truck from 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.

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.

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

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 2013, 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

OTARMA 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.

JACKSON TOWNSHIP, JACKSON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 7 – Risk Management – (Continued)

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 OTARMA's retained losses, Travelers will then reinsure property specific losses in excess of the retention up to their \$600,000,000 per occurrence limit. Additionally, 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 OTARMA.

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 net assets at December 31, 2012 and 2011:

	2012	2011
Assets	\$ 34,771,270	\$ 35,086,165
Liabilities	9,355,082	9,718,792
Net Assets	<u>25,416,188</u>	<u>25,367,373</u>

At December 31, 2012 and 2011, respectively, liabilities noted above include approximately \$7.9 million and \$8.5 million of estimated incurred claims payable. These amounts will be included in future contributions from members when the related claims are due for payment. The OTARMA membership increased from 938 members in 2011 to 944 members in 2012.

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, 2013 and 2012 were \$7,435 and \$6,063, 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.

JACKSON TOWNSHIP, JACKSON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

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 2013 and 2012, 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, 2013.

Note 9 – Fund Cash Balances

As of December 31, 2013, fund balances are composed of the following:

	General	Special Revenue	Capital Project	Permanent	Total
<i>Restricted:</i>					
Transportation	\$0	\$86,531	\$0	\$0	\$86,531
Cemetery	0	9,668	0	4,488	14,156
<i>Committed:</i>					
Capital Improvements	0	0	39,778	0	39,778
<i>Unassigned</i>	<u>97,637</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>97,637</u>
Total	<u>\$97,637</u>	<u>\$96,199</u>	<u>\$39,778</u>	<u>\$4,488</u>	<u>\$238,102</u>

As of December 31, 2012, fund balances are composed of the following:

	General	Special Revenue	Capital Project	Permanent	Total
<i>Restricted:</i>					
Transportation	\$0	\$114,210	\$0	\$0	\$114,210
Cemetery	0	9,751	0	4,486	14,237
<i>Committed:</i>					
Capital Improvements	0	0	82,671	0	82,671
<i>Unassigned</i>	<u>118,459</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>118,459</u>
Total	<u>\$118,459</u>	<u>\$123,961</u>	<u>\$82,671</u>	<u>\$4,486</u>	<u>\$329,577</u>

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

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

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 Jackson Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated May 12, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material misstatement, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying Schedule of Findings to be a material weakness.

Board of Trustees
Jackson Township, Jackson County
Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards*

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 grants, 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 instance of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

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

Purpose of 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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

May 12, 2014

JACKSON TOWNSHIP, JACKSON COUNTY
Schedule of Findings
For the Years Ended December 31, 2013 and 2012

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

Finding Number 2013-001

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, 2012 financial statements:

1. To reclassify Principle Retirement and Interest and Fiscal Charges from Public Works in the Gasoline Tax Fund for 2012.
2. To reclassify Restricted Fund Balance from Nonspendable Fund Balance in the Cemetery Fund and Committed Fund Balance from Restricted Fund Balance in the Permanent Improvement Fund.

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, 2013 and 2012

Description	Status	Comments
<i>Government Auditing Standards:</i>		
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 2013-001



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 15, 2014**