



OHIO AUDITOR OF STATE
KEITH FABER



**JACKSON TOWNSHIP
BROWN COUNTY
DECEMBER 31, 2020 AND 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types Fiscal Year End December 31, 2020	3
Notes to the Financial Statements Fiscal Year End December 31, 2020	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types Fiscal Year End December 31, 2019	11
Notes to the Financial Statements Fiscal Year End December 31, 2019	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings	21
Summary Schedule of Prior Audit Findings (Prepared by Management)	23

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Jackson Township
Brown County
9977 US Route 62
Georgetown, Ohio 45121

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Jackson Township, Brown County, Ohio (the Township).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Efficient • Effective • Transparent

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 10 to the 2020 financial statements and Note 11 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
September 30, 2021

Jackson Township*Brown County, Ohio**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$103,291	\$37,172	\$140,463
Intergovernmental	44,268	147,228	191,496
Miscellaneous	3,157	500	3,657
<i>Total Cash Receipts</i>	<u>150,716</u>	<u>184,900</u>	<u>335,616</u>
Cash Disbursements			
Current:			
General Government	91,186	1,268	92,454
Public Safety	0	23,667	23,667
Public Works	21,616	108,076	129,692
Health	9,564	0	9,564
Capital Outlay	12,775	0	12,775
<i>Total Cash Disbursements</i>	<u>135,141</u>	<u>133,011</u>	<u>268,152</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>15,575</u>	<u>51,889</u>	<u>67,464</u>
<i>Net Change in Fund Cash Balances</i>	15,575	51,889	67,464
<i>Fund Cash Balances, January 1</i>	<u>113,554</u>	<u>190,584</u>	<u>304,138</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$129,129</u></u>	<u><u>\$242,473</u></u>	<u><u>\$371,602</u></u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

Jackson Township
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Jackson Township, Brown County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Russellville, Village of Sardinia, and the Winchester Community Fire District to provide fire and ambulance services.

The Township participates in the Ohio Township Risk Management Authority (OTARMA), which is an insurance risk-sharing pool available to Ohio Townships. Note 6 provides additional information regarding this entity. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports the portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Fire Levy Fund This fund receives property tax money to pay for fire protection to Township residents.

Jackson Township
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

Capital Assets

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Jackson Township
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$120,000	\$150,716	\$30,716
Special Revenue	141,000	184,900	43,900
Total	\$261,000	\$335,615	\$74,616

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$236,452	\$135,141	\$101,311
Special Revenue	328,687	133,011	195,676
Total	\$565,139	\$268,152	\$296,987

Jackson Township
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	2020
Cash Management Pool:	
Demand deposits	\$371,647

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Township; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2020, \$126,291 of deposits were not insured or collateralized, contrary to Ohio law.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 6 – Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity’s) policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber

Jackson Township
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$ 10,894,146

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Jackson Township
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 - Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Dump Truck Lease Purchase	\$11,483	6.7%
Total	\$11,483	

The Township entered into a lease-purchase agreement to finance the purchase of a new dump truck.

Amortization

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

Year Ending December 31:	Dump Truck Lease Purchase
2021	\$6,325
2022	6,325
Total	\$12,650

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	0	0	0
Total	\$0	\$0	\$0

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Jackson Township*Brown County, Ohio**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2019*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$89,047	\$32,221	\$121,268
Intergovernmental	40,632	122,270	162,902
Miscellaneous	617	750	1,367
<i>Total Cash Receipts</i>	<u>130,296</u>	<u>155,241</u>	<u>285,537</u>
Cash Disbursements			
Current:			
General Government	82,605	847	83,452
Public Safety	0	35,458	35,458
Public Works	43,598	70,268	113,866
Health	9,258	0	9,258
Capital Outlay	21,325	0	21,325
<i>Total Cash Disbursements</i>	<u>156,786</u>	<u>106,573</u>	<u>263,359</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(26,490)</u>	<u>48,668</u>	<u>22,178</u>
<i>Fund Cash Balances, January 1</i>	<u>140,044</u>	<u>141,916</u>	<u>281,960</u>
Fund Cash Balance, December 31			
Restricted	0	190,584	190,584
Unassigned	113,554	0	113,554
<i>Fund Cash Balances, December 31</i>	<u><u>\$113,554</u></u>	<u><u>\$190,584</u></u>	<u><u>\$304,138</u></u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

Jackson Township
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Jackson Township, Brown County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Village of Russellville, Village of Sardinia, and the Winchester Community Fire District to provide fire and ambulance services.

The Township participates in the Ohio Township Risk Management' Authority (OTARMA) which is an insurance risk-sharing pool available to Ohio Townships. Note 9 provides additional information regarding this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Fire Levy Fund This fund receives property tax money to pay for fire protection to Township residents.

Jackson Township
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

Capital Assets

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

Restricted Fund balance is *restricted* when constants placed on the use of resources are either externally imposed by creditors (such as through debt covenants), granters,

Jackson Township
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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*.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$113,000	\$130,296	\$17,296
Special Revenue	135,226	155,241	20,015
Total	\$248,226	\$285,537	\$37,311

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$255,943	\$156,786	\$99,157
Special Revenue	274,242	106,573	167,669
Total	\$530,185	\$263,359	\$266,826

Jackson Township
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 - Deposits and Investments

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

	<u>2019</u>
Demand deposits	\$304,138

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2019, \$63,738 of deposits were not insured or collateralized, contrary to Ohio law.

Note 5 – Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If property owner elects to pay semiannually, the first half is due December 31. The second half payment is due to the following June 20.

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

Note 6 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Jackson Township
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 7 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 8 - Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2019 Dump Truck Lease Purchase	\$21,569	6.7%
Total	<u>\$21,569</u>	

The Township entered into a lease-purchase agreement to finance the purchase of a new dump truck.

Amortization

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

<u>Year Ending December 31:</u>	<u>Dump Truck Lease Purchase</u>
2020	\$6,325
2021	\$6,325
2022	\$6,325
2023	\$6,325
Total	<u>\$25,299</u>

Jackson Township
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

Note 10 - Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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

Jackson Township
Brown County
9977 US Route 62
Georgetown, Ohio 45121

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Jackson Township, Brown County, (the Township) and have issued our report thereon dated September 30, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
September 30, 2021

JACKSON TOWNSHIP
BROWN COUNTY

SCHEDULE OF FINDINGS

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

FINDING NUMBER 2020-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Township had the following errors on the financial statements and footnotes:

2019:

- Special Revenue Beginning Fund Balance was understated by \$2,899 and General Fund Beginning Fund Balance was overstated by \$2,899.
- Fund balances were not classified in accordance with GASB 54 (GASB Codification 1800.165-179). General fund ending fund balance of \$113,554 should be classified as Unassigned and Special Revenue fund ending fund balance of \$190,584 should be classified as Restricted.
- General Fund Intergovernmental receipts were improperly classified as Property Tax receipts in the amount of \$11,477
- Fire fund Intergovernmental receipts were improperly classified as Property Tax receipts in the amount of \$3,985
- Required footnote disclosures for Post-employment Benefits and Outstanding Debt were not included.
- OTARMA footnote disclosure did not contain current information.

2020:

- Fire Fund Intergovernmental receipts were improperly classified as Property Tax receipts in the amount of \$2,026
- Fire Fund Intergovernmental receipts were improperly posted to the General Fund as Property Tax receipts in the amount of \$2,033
- General Fund Intergovernmental receipts were improperly classified as Property tax receipts in the amount of \$11,661
- Required footnote disclosures for Fund Balances, Post-employment Benefits, and Outstanding Debt were not included.

The financial statements, accounting system and footnotes have been adjusted for these errors, where applicable.

FINDING NUMBER 2020-001
(Continued)

The Township did not have procedures in place for effective monitoring of the Township's financial activity, and the accuracy of accounting and financial reporting. The Township Fiscal Officer has sole responsibility over accounting and reporting. Due to the small size of the Township, it is important that the Board take an active role in monitoring such activity. Failure to accurately monitor financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

The Township should design, implement, and maintain internal controls relevant to preparing and fairly presenting financial statements and footnotes.

Officials' Response:

We did not receive a response from Officials to this finding.

Jackson Township
Brown County
9977 US Route 62
Georgetown, OH 45121

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Statement Errors	Not Corrected	Reissued as Finding 2020-001
2018-002	Financial Statement Filing	Corrected	Not Reissued

OHIO AUDITOR OF STATE KEITH FABER



JACKSON TOWNSHIP

BROWN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/19/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov