



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**JACKSON TOWNSHIP
CLERMONT COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Jackson Township
3263 US 50
Williamsburg, OH 45176

We have reviewed the *Independent Auditor's Report* of Jackson Township, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. 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. The Jackson Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 29, 2023

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JACKSON TOWNSHIP
CLERMONT COUNTY

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INDEPENDENT AUDITOR'S REPORT

Jackson Township
Clermont County
3263 U.S. State Route 50
Williamsburg, Ohio 45176

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Jackson Township, Clermont County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

October 20, 2023

**JACKSON TOWNSHIP
CLERMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 81,034	\$ 350,904	\$ 431,938
Licenses, Permits and Fees	72,551	-	72,551
Intergovernmental	99,752	447,477	547,229
Earnings on Investments	2,012	408	2,420
Miscellaneous	-	7,203	7,203
<i>Total Cash Receipts</i>	<u>255,349</u>	<u>805,992</u>	<u>1,061,341</u>
Cash Disbursements			
Current:			
General Government	180,569	-	180,569
Public Safety	-	235,021	235,021
Public Works	-	598,873	598,873
Health	8,595	7,148	15,743
Capital Outlay	1,255	82,297	83,552
Debt Service:			
Principal Retirement	-	10,777	10,777
Interest and Fiscal Charges	-	706	706
<i>Total Cash Disbursements</i>	<u>190,419</u>	<u>934,822</u>	<u>1,125,241</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>64,930</u>	<u>(128,830)</u>	<u>(63,900)</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	6,892	-	6,892
Other Financing Uses	(1,729)	-	(1,729)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>5,163</u>	<u>-</u>	<u>5,163</u>
<i>Net Change in Fund Cash Balances</i>	70,093	(128,830)	(58,737)
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>431,084</u>	<u>848,029</u>	<u>1,279,113</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 501,177</u>	<u>\$ 719,199</u>	<u>\$ 1,220,376</u>

The notes to the financial statements are an integral part of this statement.

Jackson Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Jackson Township, Clermont County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection services and zoning. The Township contracts with Wayne Township, Stonelick Township and Williamsburg Township to provide ambulance and emergency medical services. Police protection is provided by the Clermont County Sheriff's office.

Public Entity Risk Pools

The Township participates in Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA is a risk-sharing pool available to Ohio townships for insurance coverage. Note 6 to the financial statements provides additional information for this risk pool membership. 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.

Fire Levy Fund: This fund receives property tax money to provide fire protection services to the township residents. This fund also pays the principal and interest for the fire station bonds.

American Rescue Plan Act Fund: This fund received federal grant pass through monies used to purchase unbudgeted items needed for the COVID19 pandemic.

Jackson Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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 (C). 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 (C) 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 object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Jackson Township
 Clermont County
 Notes to the Financial Statements
 For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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 December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 266,104	\$ 262,241	\$ (3,863)
Special Revenue	803,640	805,992	2,352
Total	\$ 1,069,744	\$ 1,068,233	\$ (1,511)

Jackson Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity (Continued)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 336,535	\$ 193,691	\$ 142,844
Special Revenue	1,253,766	937,168	316,598
Total	\$ 1,590,301	\$ 1,130,859	\$ 459,442

Note 4 – Deposits

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

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$ 787,165
Certificates of deposit	433,211
<i>Total carrying amount of deposits</i>	<i>\$ 1,220,376</i>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$4,201 in unremitted employee payroll withholdings.

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.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Jackson Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management

Workers' Compensation

The Township participates in the Ohio Township Association Sedgwick Health Systems Inc. Group Rating Plan (GRP) for worker's compensation. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Risk Pool Membership

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 Township'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>2022</u>
Cash and investments	\$ 32,288,098
Actuarial liabilities	\$ 9,146,434

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, 2022.

Social Security

One Township employee 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, 2022.

Jackson Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits

OPERS offers 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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. 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 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Dura-Patcher	\$ 17,736	2.95%

During 2019, the Township secured a bank loan. The original debt amount was \$53,257, which will be paid off in 2024, at 2.95 percent interest. This loan was secured to purchase a dura-patcher machine. Debt will be paid off from the road funds.

Amortization

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

Year Ending December 31:	Dura-Patcher
2023	\$ 11,483
2024	6,698
Total	\$ 18,181

Jackson Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 1,543	\$ 2,346	\$ 3,889

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

Note 12 – 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. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – Restatement of Beginning Fund Balance

The General and Special Revenue fund balances were restated as of January 1, 2022. At the request of the Ohio Office of Budget and Management, the Township closed out the balance in the Coronavirus Relief Fund by transferring it to the General fund. The effect of the restatement is noted below.

	General	Special Revenue	Total
Ending Fund Balance at December 31, 2021	\$ 431,078	\$ 848,035	\$ 1,279,113
Restatement	6	(6)	-
Restated Fund Balance January 1, 2022	\$ 431,084	\$ 848,029	\$ 1,279,113

**JACKSON TOWNSHIP
CLERMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 84,135	\$ 373,463	\$ 457,598
Licenses, Permits and Fees	87,922	-	87,922
Intergovernmental	54,002	336,566	390,568
Earnings on Investments	4,238	461	4,699
Miscellaneous	-	2,450	2,450
<i>Total Cash Receipts</i>	<u>230,297</u>	<u>712,940</u>	<u>943,237</u>
Cash Disbursements			
Current:			
General Government	196,035	-	196,035
Public Safety	695	227,522	228,217
Public Works	4,900	191,341	196,241
Health	7,807	1,216	9,023
Capital Outlay	9,779	55,761	65,540
Debt Service:			
Principal Retirement	-	74,662	74,662
Interest and Fiscal Charges	-	2,569	2,569
<i>Total Cash Disbursements</i>	<u>219,216</u>	<u>553,071</u>	<u>772,287</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>11,081</u>	<u>159,869</u>	<u>170,950</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	10,014	744	10,758
<i>Total Other Financing Receipts (Disbursements)</i>	<u>10,014</u>	<u>744</u>	<u>10,758</u>
<i>Net Change in Fund Cash Balances</i>	21,095	160,613	181,708
<i>Fund Cash Balances, January 1</i>	<u>409,983</u>	<u>687,422</u>	<u>1,097,405</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 431,078</u></u>	<u><u>\$ 848,035</u></u>	<u><u>\$ 1,279,113</u></u>

The notes to the financial statements are an integral part of this statement.

Jackson Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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Note 2 – Summary of Significant Accounting Policies

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Jackson Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Jackson Township
 Clermont County
 Notes to the Financial Statements
 For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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 December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 202,557	\$ 240,311	\$ 37,754
Special Revenue	513,280	713,684	200,404
Total	\$ 715,837	\$ 953,995	\$ 238,158

Jackson Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity (Continued)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 340,905	\$ 219,751	\$ 121,154
Special Revenue	689,065	553,910	135,155
Total	\$ 1,029,970	\$ 773,661	\$ 256,309

Note 4 – Deposits

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

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$ 846,586
Certificates of deposit	432,527
<i>Total carrying amount of deposits</i>	\$ 1,279,113

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$1,781 in unremitted employee payroll withholdings.

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.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Jackson Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management

Workers' Compensation

The Township participates in the Ohio Township Association Sedgwick Health Systems Inc. Group Rating Plan (GRP) for worker's compensation. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Risk Pool Membership

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 Township'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>2021</u>
Cash and investments	\$ 34,880,599
Actuarial liabilities	\$ 10,601,444

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, 2021.

Social Security

One Township employee 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, 2021.

Jackson Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits

OPERS offers 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Effective January 1, 2021, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. 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 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Dura-Patcher	\$ 28,513	2.95%

During 2016, the Township issued a Township Fire Station Bond. The original debt amount was \$150,000, which was paid off in 2021, at 2.71 percent interest. This bond was issued to help finance the construction of an addition to the fire station. Debt was paid off in 2021 from the fire levy fund.

During 2019, the Township secured a bank loan. The original debt amount was \$53,257, which will be paid off in 2024, at 2.95 percent interest. This loan was secured to purchase a dura-patcher machine. Debt will be paid off from the road funds.

Amortization

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

Year Ending December 31:	Dura-Patcher
2022	\$ 11,483
2023	11,483
2024	6,698
Total	\$ 29,664

Jackson Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 535	\$ 839	\$ 1,374

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

Note 12 – 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Jackson Township
Clermont County
3263 U.S. State Route 50
Williamsburg, Ohio 45176

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Jackson Township, Clermont County, (the Township) and have issued our report thereon dated October 20, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, 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 corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

October 20, 2023

**JACKSON TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Material Weakness

Financial Reporting

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. The Township did not have adequate policies and procedures in place for proper reporting.

During 2022 and 2021, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

- In 2021 and 2022, debt payments were not properly classified as Principal Retirement and Interest in the Gasoline Tax Fund;
- The January 2021 Bank reconciliation lists two Outstanding debt payments from 2020 which should have been cleared previously. These payments were cleared in July and August of 2021;
- Debt payments for October and December of 2021 were not recorded in the accounting system (UAN);
- The Township classified the Zoning Fund as being part of the Special Revenue Fund Type. With the implementation of GASB 54 the Zoning Fund no longer meets the definition of a Special Revenue Fund, which is a fund receiving specific resources to be used for a specific restricted or committed purpose. In 2021 and 2022, the Zoning Fund balance was \$8,483 and \$3,999, respectively. The Zoning Fund activity and resulting fund balances should be presented as part of the General Fund.

Not posting receipts and disbursements correctly resulted in the financial statements requiring adjustments and reclassifications. The Financial Statements reflect these adjustments and reclassifications. The Township has posted the adjustments to its accounting system.

The following reclassifications were immaterial to the overall financial statements of the Township for December 31, 2022 and 2021 and were not posted to the financial statements or accounting system:

- In 2022, four outstanding checks totaling \$1,643 were cleared from the bank reconciliation by creating a receipt. Two of the checks were from 2019, thus understating the 2020, 2021, and 2022 beginning balances in the Fire District and General Funds by \$1,576 and \$30, respectively, and overstating revenues in 2022 by the same amounts. Two of the checks were from 2021, thus overstating expenses by \$37 in 2021 and overstating revenue in 2022 by the same amount; and
- In 2022, one outstanding receipt from 2021 for \$1,333 was cleared by creating a check. Thus, overstating revenues in 2021 and expenses in 2022 by \$1,333.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such a review should include procedures to help identify and correct errors and omissions.

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

OHIO AUDITOR OF STATE KEITH FABER



JACKSON TOWNSHIP

CLERMONT 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 12/12/2023

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