



Dave Yost • Auditor of State



JACKSON TOWNSHIP  
STARK COUNTY  
DECEMBER 31, 2015

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Types .....	5
Combined Statement Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Fiduciary Fund Types .....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Jackson Township  
Stark County  
5735 Wales Avenue NW  
Massillon, Ohio 44646

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Jackson Township, Stark County, Ohio (the Township) as of and for the year ended December 31, 2015.

### ***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 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 1 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.

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, 2015 or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Jackson Township, Stark County as of December 31, 2015, and its combined cash receipts and disbursements for the year then ended 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 1.

***Emphasis of Matter***

As discussed in Note 15 to the financial statements, during 2015, the Township has elected to change its financial presentation to an accounting basis other than accounting principles generally accepted in the United States of America (GAAP). 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 August 11, 2017, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 11, 2017

**THIS PAGE INTENTIONALLY LEFT BLANK.**



**JACKSON TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$908,087	\$17,635,626		\$18,543,713
Charges for Services	910,982	1,593,807		2,504,789
Licenses, Permits and Fees	274,571	5,250		279,821
Fines and Forfeitures	23,224	7,505		30,729
Intergovernmental	638,333	2,672,800		3,311,133
Special Assessments		167,383		167,383
Earnings on Investments	168,850	11,954		180,804
Miscellaneous	27,083	146,259		173,342
<i>Total Cash Receipts</i>	<u>2,951,130</u>	<u>22,240,584</u>	<u>\$0</u>	<u>25,191,714</u>
<b>Cash Disbursements</b>				
Current:				
General Government	1,975,211	162,625		2,137,836
Public Safety	117,347	16,181,121		16,298,468
Public Works	21,084	4,364,899		4,385,983
Health	365,972			365,972
Conservation-Recreation		875,252		875,252
Capital Outlay	16,946	1,807,321	15,834	1,840,101
<i>Total Cash Disbursements</i>	<u>2,496,560</u>	<u>23,391,218</u>	<u>15,834</u>	<u>25,903,612</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>454,570</u>	<u>(1,150,634)</u>	<u>(15,834)</u>	<u>(711,898)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets		43,556		43,556
Transfers In	25,000			25,000
Transfers Out		(25,000)		(25,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>25,000</u>	<u>18,556</u>	<u>0</u>	<u>43,556</u>
<i>Net Change in Fund Cash Balances</i>	479,570	(1,132,078)	(15,834)	(668,342)
<i>Fund Cash Balances, January 1 (restated)</i>	<u>7,700,175</u>	<u>14,265,328</u>	<u>1,275,961</u>	<u>23,241,464</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		13,133,250		13,133,250
Committed	1,891,891			1,891,891
Assigned	2,764,316		1,260,127	4,024,443
Unassigned (Deficit)	3,523,538			3,523,538
<i>Fund Cash Balances, December 31</i>	<u>\$8,179,745</u>	<u>\$13,133,250</u>	<u>\$1,260,127</u>	<u>\$22,573,122</u>

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

**JACKSON TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>Internal Service</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts</b>			
Charges for Services	\$3,066,864		\$3,066,864
<i>Total Operating Cash Receipts</i>	<u>3,066,864</u>		<u>3,066,864</u>
<b>Operating Cash Disbursements</b>			
Claims	2,409,345		2,409,345
Other	539,004		539,004
<i>Total Operating Cash Disbursements</i>	<u>2,948,349</u>		<u>2,948,349</u>
<i>Operating Income (Loss)</i>	<u>118,515</u>		<u>118,515</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Demo Lien Law Deposits		\$57,682	57,682
Deposits Returned to Named Insured		(46,784)	(46,784)
<i>Total Non-Operating Receipts (Disbursements)</i>		<u>10,898</u>	<u>10,898</u>
<i>Net Change in Fund Cash Balances</i>	<u>118,515</u>	<u>10,898</u>	<u>129,413</u>
<i>Fund Cash Balances, January 1</i>	<u>727,403</u>	<u>22,740</u>	<u>750,143</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$845,918</u></u>	<u><u>\$33,638</u></u>	<u><u>\$879,556</u></u>

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

**JACKSON TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Jackson Township, Stark County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, police and fire protection, emergency medical services, park and recreation and zoning services. On November 5, 1991, voters approved adoption of the "limited home rule" form of government as authorized by Chapter 504 of the Ohio Revised Code.

The Township participates in a public entity risk pool, jointly governed organization, joint ventures and is associated with a Component Unit. Notes 7, 9, 10 and 11 to the financial statements provide additional information for these entities. These organizations are:

**Public Entity Risk Pool: OTARMA**

OTARMA provides property and casualty insurance for its members. It pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Jointly Governed Organization: SCOG**

The Stark Council of Governments (the SCOG) is a regional council under Chapter 167 of the Ohio Revised Code for the purpose of providing a permanent forum for discussion and study of concerns for development and implementation of policies and programs by one of more of the local governing bodies.

**Joint Ventures: LOGIC**

The Local Organized Governments in Cooperation (LOGIC) is a statutorily created political subdivision of the State formed in 1986 under Chapter 167 of the Ohio Revised Code to provide safety dispatching services.

**JEDD**

The Jackson Township – City of Canton Joint Economic Development District (JEDD) is a statutorily created subdivision of the State to facilitate economic development.

**Component Unit: CIC**

The Jackson Township Community Improvement Corporation (CIC) is a not-for-profit corporation created under Chapter 1724 of the Ohio Revised Code to advance, encourage and promote industrial, economic, commercial and civic development of the Township.

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

**B. Accounting Basis**

**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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

**JACKSON TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

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.

**C. 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.

The Township values U.S. Treasury Notes at cost. Money market mutual funds (including STAR Ohio) are recorded at share values that the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio.

**D. Fund Accounting**

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

**1. 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.

**2. 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:

Fire Levy Fund - This fund receives property tax money for the purpose of funding the Township's fire and emergency medical services.

Police District Fund - This fund receives property tax money to provide police protection for Township residents.

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

Park Fund - This fund receives property tax money for parks and recreational purposes.

**JACKSON TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

General Capital Fund - The Township uses this fund to save resources for future capital outlays and to make necessary capital improvements with transfers from the General Fund.

**4. Internal Service Fund**

This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

Self-funded Insurance Medical Fund – This fund receives insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

**5. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for fire loss insurance proceeds.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, department or personal services 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.

**2. 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.

**JACKSON TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**3. 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 2015 budgetary activity appears in Note 3.

**F. 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:

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. 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.

**JACKSON TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**G. 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.

**H. 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.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Township maintains a deposit and investments pool that 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>2015</u>
Demand deposits	\$905,918
U.S. Treasury Notes	\$20,314,582
STAR Ohio	2,192,276
Money Market	39,902
Total investments	22,546,760
Total deposits and investments	\$23,452,678

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

**Investments:** The Federal Reserve holds the Township's U.S. Treasury Notes in book-entry form in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,580,067	\$2,976,130	\$396,063
Special Revenue	22,180,592	22,284,140	103,548
Capital Projects			0
Internal Service	2,700,000	3,066,864	366,864
Total	\$27,460,659	\$28,327,134	\$866,475

**JACKSON TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,094,848	\$2,720,948	\$1,373,900
Special Revenue	30,797,481	23,777,991	7,019,490
Capital Projects	1,275,961	217,334	1,058,627
Internal Service	3,350,000	2,948,348	401,652
Total	\$39,518,290	\$29,664,621	\$9,853,669

**4. 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 the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**5. DEBT**

There is no debt outstanding at December 31, 2015.

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. From January 1, 2015 through June 30, 2015, OP&F participants contributed 11.5% of their earnable salaries and 12.25% from July 1, 2015 to December 31, 2015. For 2015, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' earnable salaries. For 2015, OPERS members in law enforcement contributed 13% of their earnable salaries and the Township contributed an amount equaling 18.1% of full-time police members' earnable salaries. For 2015, OPERS members contributed 10% of their earnable salaries and the Township contributed an amount equaling 14% of participants' earnable salaries. The Township has paid all contributions required through December 31, 2015.

*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. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.



**JACKSON TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**7. RISK MANAGEMENT**

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

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

**Risk Pool Membership**

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

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2014 and 2013 (the latest information available):

	<u>2014</u>	<u>2013</u>
Assets	\$35,970,263	\$34,954,286
Liabilities	(\$8,912,432)	(\$8,486,363)
Net Assets - Unrestricted	\$27,057,831	\$26,467,923

At December 31, 2014 and 2013, respectively, the liabilities above include approximately \$8.2 million and \$7.9 million of estimated incurred claims payable. The assets above also include approximately \$7.2 million and \$7.4 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$104,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**JACKSON TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

Contributions to OTARMA	
<u>2015</u>	<u>2014</u>
\$199,916	\$190,468

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing (via certified mail) 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to OTARMA. Also upon withdrawal, payments for all casualty claims and claim expense become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Employee Medical Benefits**

The Township is partially self insured for employee health insurance. The Self Insurance Fund pays covered claims to the Third Party Administrators (TPA) and recovers these costs from charges to other funds based on an actuarial method or historical cost information and adjusted over a reasonable period of time so the internal service fund receipts and disbursements are approximately equal. Employees enrolled in the plan are required to remit, through payroll deduction, 50 percent of the excess monthly amount over an annually agreed upon base amount, up to an established cap. A comparison of Self Insurance Fund cash and investments to the actuarially-measured liability as of December 31 follows (the latest information available):

	<u>2014</u>	<u>2013</u>
Cash and investments	\$727,403	\$889,201
Actuarial liabilities	\$299,432	\$285,871

**8. CONTINGENT LIABILITIES**

The Township is not currently a party to formal litigation in a court of law. The Township did receive an administrative agency finding against it and is actively engaged with the administrative agency in resolving the alleged violations. While the Township cannot presently determine the outcome of the administrative remedies, the Township believes that in the event the matter proceeds to formal litigation any adverse resolution of the litigation would not materially affect the Township's financial condition.

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.

**9. JOINT VENTURES**

The Township participates in the Local Organized Governments in Cooperation (LOGIC), a statutorily created political subdivision of the State formed in 1986 under Chapter 167 of the Ohio Revised Code to provide safety dispatching services. LOGIC is a joint venture among the Township, the City of Massillon, the City of Canal Fulton, Lawrence Township, Village of Hills and Dales, Village of Beach City, Bethlehem Township, Village of Brewster, East Wayne Fire District (Dalton), Lexington Township, Village of Navarre, Perry Township, Village of Waynesburg, and the Village of Wilmot with each participant providing one representative. Each representative has

**JACKSON TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

a membership share based on the percentage of contractual financial contributions to the total funding, and each participant is entitled to vote its percentage share. The board has total authority over the operation of LOGIC, including budgeting, appropriating, contracting, and designating management. Continued existence of LOGIC is dependent on the Township's continued participation. LOGIC does not provide specific financial benefits or impose specific financial burdens on the Township. During 2015, the Township made contributions of \$678,005, but does not have an equity interest in LOGIC. Financial statements of LOGIC may be obtained from Local Organized Governments in Cooperation, 5735 Wales Avenue NW, Massillon, Ohio, 44646.

The Township participates in the Jackson Township – City of Canton Joint Economic Development District (JEDD), which is a statutorily created subdivision of the State. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the Township and the City. The JEDD is permitted to collect income tax. At the same time, the JEDD prevents annexation of Township property by a city and maintains the Township's property tax base.

**10. JOINTLY GOVERNED ORGANIZATIONS**

The Township participates the Stark Council of Governments (the SCOG), which is established by its member political subdivisions as a regional council under Chapter 167 of the Ohio Revised Code for the purpose of providing a permanent forum for discussion and study of concerns of the county, cities, villages, and townships for development of policies and programs for implementation by one or more of the local governing bodies. The SCOG operates under the direction of a nine member Executive Committee, which is elected by the General Membership of the SCOG. The General Membership consists of one representative designated by each political subdivision. The SCOG's current functions include but are not limited to the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. Continued existence of the Council is not dependent on the Township's continued participation. The Council does not provide specific financial benefits or impose specific financial burdens on the Township. The Township did not make any contributions during the year and does not have an equity interest in the council. Financial statements of the Council can be obtained from the Stark Council of Governments, P.O. Box 21451, Canton, Ohio, 44701-1451.

**11. COMPONENT UNIT**

The Jackson Township Community Improvement Corporation (CIC) is a not-for-profit corporation created under Chapter 1724 of the Ohio Revised Code. The purpose of the CIC is to advance, encourage and promote industrial, economic, commercial and civic development of the Township. The Township appoints four of the nine CIC Board of Trustee members and presently, a majority of the CIC funding is received from the Township. Separately issued financial statements can be obtained from the CIC, 5735 Wales Avenue NW, Massillon, Ohio 44646.

**12. TAX INCREMENT FINANCING DISTRICT (TIF)**

The Township, pursuant to the Ohio Revised Code, has established a TIF. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as "payments in lieu of taxes (PILOT)", as though the TIF had not been established. These "PILOTS" are then dedicated to the payments for various public improvements within or adjacent to the TIF area. Property values existing before commencement date of a TIF continue to be subjected to property taxes. PILOT revenue was \$162,625 in 2015. The TIF has a longevity of 30 years, with 2033 being the final year of PILOT

**JACKSON TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

collections. The property tax exemption then ceases; the PILOT will cease and property taxes then apply to the increased property values.

**13. STABILIZATION FUND BALANCES**

Stabilization arrangements within the General fund as authorized under O.R.C. 5705.13(A)(1) and 5705.132 were established or amended by Township resolutions #15-085 and #15-086 on December 8, 2015. The Township Board of Trustees approves additions to the funds as needed. The funds are used to stabilize budgets against cyclical changes in revenues and expenditures and to accumulate currently available resources for the cost of future employees' salaries, benefits and other related costs. The fund balances are \$2,038,300 as of December 31, 2015.

A stabilization arrangement within the Park fund as authorized under O.R.C. 5705.13(A)(1) was established by Township resolution #15-093 on December 8, 2015. The Township Board of Trustees approves additions to the fund as needed. The fund is used to stabilize budgets against cyclical changes in revenues and expenditures. The fund balance is \$136,928 as of December 31, 2015.

A stabilization arrangement within the Fire Levy fund as authorized under O.R.C. 5705.13(A)(1) was rescinded by Township resolution #15-087 on December 8, 2015. The Township Board of Trustees approved additions to the fund as needed. The fund was used to stabilize budgets against cyclical changes in revenues and expenditures. The fund balance is \$0 as of December 31, 2015.

Stabilization arrangements within the Police District fund as authorized under O.R.C. 5705.13(A)(1) and 5705.132 were established, amended, or rescinded by Township resolutions #15-089, #15-090 and #15-091 on December 8, 2015. The Township Board of Trustees approves additions to the funds as needed. The funds are used to stabilize budgets against cyclical changes in revenues and expenditures and to accumulate currently available resources for the cost of future employees' salaries, benefits and other related costs. The fund balances are \$1,486,800 as of December 31, 2015.

**14. SUBSEQUENT EVENTS**

In 2015, voters approved a renewal of an existing tax of 6 mills and an increase of 1.5 mills for the Fire Levy. 2016 is the first year of collections.

**15. CHANGE IN ACCOUNTING BASIS**

Effective for the fiscal period beginning January 1, 2015, the Township adopted a new accounting basis for its financial statements. The Township previously prepared its financial statements using the cash basis of accounting and presented financial statements that are commonly referred to as *GASB 34 Look-alike financial statements*. For 2015 and subsequent, the Township prepares its 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 and the resulting financial statements are commonly referred to as *regulatory basis financial statements*. The Township's regulatory basis of accounting also uses the cash basis.

The effects on the financial statements of the change in accounting basis from the *GASB 34 Look-alike* cash basis to the *regulatory* cash basis of accounting are as follows:

**JACKSON TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

	Governmental Activities
Net Position as previously reported December 31, 2014	\$23,968,867
Accounting Basis Difference	(23,968,867)
Restated Net Position as reported January 1, 2015	N/A <sup>1</sup>

1-Net position is not reported under the regulatory basis of accounting

	General Fund	Road & Bridge	Police District	Fire Levy	Road Levy	Other Governmental Funds	Total Governmental Funds
Fund Balances as previously reported December 31, 2014	\$7,700,175	\$1,532,546	\$3,907,969	\$1,952,793	\$4,341,112	\$3,806,869	\$23,241,464
Accounting Basis Difference	0	(1,532,546)	(3,907,969)	(1,952,793)	(4,341,112)	(3,806,869)	0
Restated Fund Balances as reported January 1, 2015	\$7,700,175	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A	\$23,241,464

2-Major/non-major funds are not reported under the regulatory basis of accounting

	General Fund	Special Revenue	Capital Projects	Total Governmental Funds
Fund Cash Balances as previously reported December 31 2014	\$7,700,175	N/A <sup>3</sup>	N/A <sup>3</sup>	\$23,241,464
Accounting Basis Difference	0	14,265,328	1,275,961	0
Restated Fund Cash Balances as reported January 1, 2015	\$7,700,175	\$14,265,328	\$1,275,961	\$23,241,464

3-Fund types are not reported under the GASB34 Look-alike basis of accounting

**THIS PAGE INTENTIONALLY LEFT BLANK.**



# Dave Yost • Auditor of State

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

Jackson Township  
Stark County  
5735 Wales Avenue NW  
Massillon, Ohio 44646

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 by fund type of the Jackson Township, Stark County, Ohio, (the Township) as of and for the year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated August 11, 2017 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, and wherein we noted the Township changed its financial presentation to an accounting basis other than accounting principles generally accepted in the United States of America.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 11, 2017





# Dave Yost • Auditor of State

JACKSON TOWNSHIP

STARK COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 12, 2017