



OHIO AUDITOR OF STATE
KEITH FABER



JACKSON TOWNSHIP
STARK COUNTY
DECEMBER 31, 2018

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OHIO AUDITOR OF STATE KEITH FABER



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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 the Jackson Township, Stark County, Ohio (the Township) as of and for the year ended December 31, 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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, 2018, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Jackson Township, Stark County as of December 31, 2018, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2019, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

August 20, 2019

**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, 2018**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$1,158,160	\$20,902,767		\$22,060,927
Charges for Services	719,043	1,863,810		2,582,853
Licenses, Permits and Fees	250,958	4,763		255,721
Fines and Forfeitures	22,298	349,567		371,865
Intergovernmental	626,025	2,635,026		3,261,051
Special Assessments		145,011		145,011
Earnings on Investments	451,452	17,600		469,052
Miscellaneous	67,301	477,554		544,855
<i>Total Cash Receipts</i>	<u>3,295,237</u>	<u>26,396,098</u>	<u>\$0</u>	<u>29,691,335</u>
Cash Disbursements				
Current:				
General Government	2,192,313	155,645		2,347,958
Public Safety	67,232	17,301,876		17,369,108
Public Works	21,675	4,438,779		4,460,454
Health	367,794			367,794
Economic Development	130,345			130,345
Conservation-Recreation		904,426		904,426
Capital Outlay	6,739	2,397,568	518,295	2,922,602
<i>Total Cash Disbursements</i>	<u>2,786,098</u>	<u>25,198,294</u>	<u>518,295</u>	<u>28,502,687</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>509,139</u>	<u>1,197,804</u>	<u>(518,295)</u>	<u>1,188,648</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets		33,872		33,872
Transfers In	417,880	1,332,786		1,750,666
Transfers Out	(81,307)	(1,669,359)		(1,750,666)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>336,573</u>	<u>(302,701)</u>	<u>0</u>	<u>33,872</u>
<i>Net Change in Fund Cash Balances</i>	845,712	895,103	(518,295)	1,222,520
<i>Fund Cash Balances, January 1</i>	<u>7,337,868</u>	<u>17,383,979</u>	<u>3,359,910</u>	<u>28,081,757</u>
Fund Cash Balances, December 31				
Restricted		18,279,082		18,279,082
Committed	2,800,107			2,800,107
Assigned	2,014,812		2,841,615	4,856,427
Unassigned (Deficit)	3,368,661			3,368,661
<i>Fund Cash Balances, December 31</i>	<u><u>\$8,183,580</u></u>	<u><u>\$18,279,082</u></u>	<u><u>\$2,841,615</u></u>	<u><u>\$29,304,277</u></u>

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

**JACKSON TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Type
	Internal Service
Operating Cash Receipts	
Charges for Services	\$2,520,387
<i>Total Operating Cash Receipts</i>	<i>2,520,387</i>
Operating Cash Disbursements	
Claims	1,330,205
Premiums	471,640
Administrative Fees	857,532
Other	336,280
<i>Total Operating Cash Disbursements</i>	<i>2,995,657</i>
<i>Operating Income (Loss)</i>	<i>(475,271)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(475,271)</i>
<i>Fund Cash Balances, January 1</i>	<i>976,976</i>
<i>Fund Cash Balances, December 31</i>	<i>\$501,706</i>

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

**JACKSON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 1 – Reporting 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.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Component Unit

The Township participates in joint ventures, jointly governed organizations, public entity risk pools, and is associated with a Component Unit. Notes 10, 11, 12 and 13 to the financial statements provide additional information for these entities. 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, and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are 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:

Fire Levy Fund The fire fund accounts for and reports proceeds from property taxes restricted for fire department and life squad protection and emergency services.

Police District Fund The police fund accounts for and reports proceeds from property taxes restricted for police department operations and protection services.

Road and Bridge Fund The road and bridge fund accounts for and reports all disbursements committed to roads, including improvements, paving, snow removal, salt/sand, gravel, blacktop, maintenance, payroll, supplies, purchases, fuel, vehicle equipment and maintenance.

Park Fund The park fund accounts for and reports proceeds from property taxes restricted for park department operations and recreational services.

**JACKSON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

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 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.

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 The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay premiums and medical claims of employees enrolled in the health insurance plan.

Basis of Accounting

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

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

Budgetary Process

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

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.

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 2018 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.

The Township values U.S. Treasury Notes at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**JACKSON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

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.

Fund Balance

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

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

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, 2018
(Continued)**

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,500,312	\$3,713,117	\$212,805
Special Revenue	25,516,483	27,762,756	2,246,273
Capital Projects	1,000,000	0	(1,000,000)
Internal Service	3,500,000	2,520,387	(979,613)
Total	\$33,516,795	\$33,996,260	\$479,465

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,565,984	\$3,014,513	\$1,551,471
Special Revenue	35,517,357	29,493,841	6,023,516
Capital Projects	4,131,204	967,293	3,163,911
Internal Service	4,000,000	2,995,657	1,004,343
Total	\$48,214,545	\$36,471,304	\$11,743,241

Note 4 – 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:

Demand deposits	2018 \$764,791
Federal Government Agency Securities	22,777,302
U.S. Treasury Notes	778,680
Commercial Paper	1,234,381
STAR Ohio	4,238,023
Money Market	12,806
Total investments	29,041,192
Total deposits and investments	\$29,805,983

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.

**JACKSON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

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 are not evidenced by securities that exist in physical or book-entry form.

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.

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

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

Note 6 - 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. Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Ohio Township Association Risk Management Authority

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. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting, claims loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2018, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

**JACKSON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

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, 2018:

	<u>2018</u>
Assets	\$41,593,920
Liabilities	8,700,787
Net Position	\$32,893,133

At December 31, 2018 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2018. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, 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.

<u>2018 Contributions to OTARMA</u>
\$237,456

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 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 the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Employee Medical Benefits

The Township was partially self-insured for employee health insurance through June 30, 2018. The Self Insurance Fund paid covered claims to the Third Party Administrators (TPA) and recovered these costs from charges to other funds based on an actuarial method or historical cost information and adjusted over a reasonable period so the internal service fund receipts and disbursements are approximately equal. Employees enrolled in the plan were 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:

	<u>2018</u>
Cash and investments	\$501,706
Actuarial liabilities	\$9,000

**JACKSON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Stark County Schools Council of Governments Health Benefit Plan

Effective July 1, 2018, the Township joined the Stark County Schools Council of Governments Health Benefit Plan (Council). The Council is a shared risk pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits for member employees and to promote other cooperative programs. The Council Assembly is the legislative decision making body of the Council and is comprised of the superintendent or executive officer from each member. The Board of Directors is the advisory body of the Council and is comprised of five individuals, including the Superintendent of the Stark County Educational Service Center, who serves as Chairman. All Council revenues are generated from charges for services received from the participating members, based on the established premiums for the insurance plans. The Council Agreement can be terminated by a two-thirds vote of the participating members. Upon such termination, the net reserve balance will be transferred to the members in proportion to their fiscal year premium deposits divided by the total deposits of all members.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their earnable salaries and the Township contributed an amount equaling 14% of participants' earnable salaries. 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. The Township has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their earnable salaries. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' earnable salaries. The Township has paid all contributions required through December 31, 2018.

Social Security

Several of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**JACKSON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 - Contingent Liabilities

The Township has one open lawsuit, but the Township is the plaintiff on a quiet title action and the chance of a financial judgement against the Township is not possible. No other lawsuits are open at this time.

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

Note 10 - Joint Ventures

Local Organized Governments in Cooperation

The Township participates in the Local Organized Governments in Cooperation (L.O.G.I.C.), a statutorily created political subdivision of the State formed in 1986 under Chapter 167 of the Ohio Revised Code to provide safety dispatching services. L.O.G.I.C. is a joint venture among the following entities: Jackson Township, Village of Beach City, Bethlehem Township, Village of Brewster, City of Canal Fulton, Village of Hills and Dales, Lawrence Township, City of Massillon, Village of Navarre, Perry Township, Village of Waynesburg and the Village of Wilmot, with each participant providing one representative. Each representative has 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 L.O.G.I.C., including budgeting, appropriating, contracting, and designating management. Continued existence of L.O.G.I.C. is dependent on the Township's continued participation. L.O.G.I.C. does not provide specific financial benefits or impose specific financial burdens on the Township. During 2018, the Township made contributions of \$772,728, but does not have an equity interest in L.O.G.I.C. Financial statements of L.O.G.I.C. may be obtained from Local Organized Governments in Cooperation, 5735 Wales Avenue NW, Massillon, Ohio, 44646.

**JACKSON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Joint Economic Development Districts

The Township participates in four Joint Economic Development Districts (JEDD) with the City of Canton. The JEDDs are located entirely within Jackson Township, Stark County. The purpose of a 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. At the same time, the JEDD prevents annexation of Township property by a city and maintains the Township's property tax base. The JEDD creates a Board of Directors and is permitted to collect income tax. The proceeds of the JEDDs are used to provide public services such as police and fire protection as well as to provide for improvements that benefit the JEDDs. The City of Canton administers and collects income tax for the JEDDs and reports quarterly to the Township.

The District agreements in place during 2018 were as follows:

Jackson-Canton JEDD Timken/Stark State

In 2012, the Township and the City entered into an agreement to create the JEDD at the Wind Research facility at 8252 Frank Avenue. The agreement authorized the levy of a 2% (2.5% effective July 1, 2018) earnings tax for persons employed within the JEDD boundaries. The distribution of the revenue generated from this JEDD, net of operating expenses, is 50% to the Township and 50% to the City through June 30, 2018. Effective July 1, 2018, the distribution is 40% to the Township and 60% to the City because 0.5% of the income tax collected is dedicated to specific purposes by law and shall not be subject to division.

Jackson-Canton JEDD SM

In 2016, the Township and the City entered into an agreement to create the JEDD at the Stolle Machinery Company at 4337 Excel Street, N.W. The agreement authorized the levy of a 2% (2.5% effective July 1, 2018) earnings tax for persons employed within the JEDD boundaries. The distribution of the revenue generated from this JEDD, net of operating expenses, is an amount equal to 1.0% of the full 2.0% income tax collected from Stolle Machinery within District SM in the first nineteen (19) months shall be refunded to Stolle Machinery on an annual basis, pursuant to the City's Economic Growth Initiative Agreement with Stolle Machinery. The City shall retain 0.5% and pay 0.5% to the Township. Effective July 1, 2018 until December 1, 2026, an amount equal to 1.5% of the full 2.5% income tax collected from Stolle Machinery shall be refunded to Stolle on an annual basis. The City shall retain 0.5% and pay 0.5% to the Township. Effective January 1, 2027, the full income tax revenue shall not be subject to a refund to Stolle Machinery. The City shall retain 1.25% and shall pay the Township 1.25%.

Jackson-Canton JEDD FP

In 2017, the Township and the City entered into an agreement to create the JEDD at Dressler Properties, Inc., land north of BJ's and Home Depot. The agreement authorized the levy of a 2% (2.5% effective July 1, 2018) earnings tax for persons employed within the JEDD boundaries. The distribution of the revenue generated from this JEDD, net of operating expenses, is 50% to the Township and 50% to the City through June 30, 2018. Effective July 1, 2018, the distribution is 40% to the Township and 60% to the City because 0.5% of the income tax collected is dedicated to specific purposes by law and shall not be subject to division.

**JACKSON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Jackson-Canton JEDD ComDoc

In 2018, the Township and the City entered into an agreement to create the JEDD at the ComDoc Company on Pittsburg Avenue N.W. At its first meeting in 2019, the Board will authorize the levy of a 2.5% earnings tax for persons employed and on the net profits of businesses operating within the JEDD boundaries. The distribution of the revenue generated from this JEDD, net of operating expenses, is 1.0% to the Township and 1.5% to the City. Commencing on the effective date of a resolution adopted by the Board levying an income tax, for a period of ten (10) years, an amount equal to one half of 1.0% (0.5%) of income tax revenues received by the City shall be refunded to ComDoc. Effective the eleventh (11th) year and thereafter, the full income tax revenue shall not be subject to a refund to ComDoc. The City shall retain 1.5% and shall pay the Township 1.0% because 0.5% of the income tax collected is dedicated to specific purposes by law and shall not be subject to division.

Total JEDD Income Taxes Received by Jackson Township	
2012	\$ 1,935.43
2013	\$ 1,699.39
2014	\$ 3,258.99
2015	\$ -
2016	\$ -
2017	\$ 32,703.34
2018	\$ 71,346.62
TOTAL	<u>\$ 110,943.77</u>

Note 11 - Jointly Governed Organizations

Stark Council of Governments

The Township participates in the Stark County Council of Governments (the "Council") which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County and its municipalities and townships, which direct the operations of the Stark County Metropolitan Narcotics Unit and S.W.A.T. Unit and the Stark County Crime Laboratory. Of the 27 Board Members, the Township has one appointed member. Each member's control over the operation of the Council is limited to its representation on the Board. The Board exercises total authority over the operation of the Council including budgeting, appropriation, contracting, and designating management. The Township does not have an equity interest in the Council. The Council is not accumulating significant financial resources or experiencing fiscal stress, which would cause additional financial benefit to or burden on the Township. The Township did not contribute any funds to the Council in 2018. Financial statements of the Council can be obtained from the Stark Council of Governments, P.O. Box 21451, Canton, Ohio, 44701-1451.

**JACKSON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Stark County Combined General Health District

The Township participates in the Stark County Combined General Health District (the "Health District") which is a statutorily created political subdivision of the State. The Health District is jointly governed by Stark County townships, villages, the City of Louisville, and the City of North Canton. Of the seven Board Members, the Township has one appointed member. The Board is made up of various professionals who are equally representative of the general health district. The Board exercises total authority over the operation of the Health District including budgeting, appropriation, contracting, and designating management. The Township does not have an equity interest in the Health District. The Health District is not accumulating significant financial resources or experiencing fiscal stress, which would cause additional financial benefit to or burden on the Township. The Township contributed \$367,794 to the Health District in 2018. Complete financial statements can be obtained from the Stark County Combined General Health District, 3951 Convenience Circle NW, Canton, Ohio 44718.

Stark County Regional Planning Commission

The Stark County Regional Planning Commission (SCRPC) is a statutorily created political subdivision of Ohio for the purpose of formulating and renewing plans affecting long and short term social, economic, and governmental development within the region. The Commission is jointly governed among Stark County and other cities, villages and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short term, dealing with the economic and physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission. This includes budgeting, appropriating, contracting and designating management. The Township has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, 201 3rd Street NE, Suite 201, Canton, Ohio 44702.

Note 12 – Public Entity Risk Pools

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA) and the Stark County Schools Council of Governments Health Benefit Plan (Council). Both are risk-sharing pools. For more information on OTARMA and the Council, see Note 6.

Note 13 – 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 CIC is a component unit of the Township, as the Township is financially accountable for the CIC under the criteria of Governmental Accounting Standards Board Statement No. 14. The Township appoints five 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.

**JACKSON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Note 14 - 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 \$155,645 in 2018. The TIF has a longevity of 30 years, with 2033 being the final year of PILOT collections. The property tax exemption then ceases; the PILOT will cease and property taxes then apply to the increased property values.

Note 15 - 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 on December 8, 2015 and #18-240 on December 11, 2018. 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 \$1,838,300 as of December 31, 2018.

A stabilization arrangement within the Park fund as authorized under O.R.C. 5705.13(A)(1) was established or amended by Township resolution #17-036 on March 14, 2017. 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 \$172,282 as of December 31, 2018.

A stabilization arrangement within the Fire Levy fund as authorized under O.R.C. 5705.13(A)(1) was established or amended by Township resolution #18-242 on December 11, 2018. 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 \$662,679 as of December 31, 2018.

Stabilization arrangements within the Police District fund as authorized under O.R.C. 5705.13(A)(1) and 5705.132 were established or amended by Township resolutions #17-037 on March 14, 2017 and #16-162 on December 13, 2016. 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 \$1,946,208 as of December 31, 2018.

Note 16 – Construction and Contractual Commitments

As of December 31, 2018, the Township had contractual commitments as follows:

Company	Project	Amount Remaining on Contract
Wenger Excavating Inc.	Strip Ave. Extension	\$702,446
United Earthworks LLC	North Park Site Preparation	410,754

**JACKSON TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Note 17 – Transfers

During 2018 the following transfers were made:

	Transfers From	Transfers To		Total
		General Fund	Special Revenue Fund	
General Fund	\$81,307		\$81,307	\$81,307
Special Revenue	1,669,359	\$417,880	1,251,479	1,669,359
	\$1,750,666	\$417,880	\$1,332,786	\$1,750,666

The above mentioned transfers were used to move funds into reserve balance accounts established in accordance with Chapter 5705.13 of the Ohio Revised Code. Also, the General Fund transferred JEDD income taxes received in 2018 to the police levy capital and the fire levy capital funds, with each fund receiving half.

Note 18 – Subsequent Events

On January 8, 2019, the Township approved a resolution to submit to voters at the primary election to be held on May 7, 2019, the question of the renewal of an existing tax of 5.75 mills for the purpose of police department operations of Jackson Township for five (5) years, first due in calendar year 2020. The levy passed.

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OHIO AUDITOR OF STATE KEITH FABER



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Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

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

Jackson Township
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 Jackson Township, Stark County, (the Township) as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated August 20, 2019, 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.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

August 20, 2019



JACKSON TOWNSHIP BOARD OF TRUSTEES

5735 WALES AVENUE N.W., JACKSON TOWNSHIP, OHIO 44646

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 JOHN E. PIZZINO
 JAMIE WALTERS

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 330-832-7416

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SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	<p>2 CFR § 3000 gives regulatory effect to the Department of Homeland Security for 2 CFR § 180.300, which states when a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity is not suspended or debarred or otherwise excluded.</p> <p>The Township entered into three equipment purchase contracts with three vendors for which the Township did not verify if the vendors were suspended or debarred or otherwise excluded.</p>	Fully Corrected	

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OHIO AUDITOR OF STATE
KEITH FABER



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 10, 2019**