



Mary Taylor, CPA
Auditor of State

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

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VAN WERT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jennings Township
Van Wert County
21332 Gilbert Road
Spencerville, Ohio 45887

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jennings Township, Van Wert County, (the Township), as of and for the year ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

During the year ended December 31, 2007, the Township disbursed \$31,756 from the Gasoline Tax, Road and Bridge, and Other Governmental Funds (Motor Vehicle License Tax Fund) for Trustees' salaries and fringe benefits. Ohio Rev. Code Section 505.24(C) and OAG Opinion 2004-036 precludes these funds from paying the Trustees' salaries and fringe benefits without a resolution specifying that the Township will allocate salaries based on documentation the Trustees submit. The Township had not passed a Trustee Salary Resolution nor did the Trustees submit documentation as to time spent. Therefore, the Trustees' salaries and fringe benefits should have been paid from the General Fund. The Township has declined to adjust its financial statements or accounting records. Had this cost been paid from the General Fund, the effect would be to decrease the General Fund cash balance at December 31, 2007 by \$31,756. The Gasoline Tax, Road and Bridge, and Other Governmental Funds (Motor Vehicle License Tax Fund) cash balances would have increased by \$10,156, \$10,060, and \$11,540 respectively, at December 31, 2007.

In our opinion, the financial statements referred to above do not present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jennings Township, Van Wert County, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, and Fire District funds for December 31, 2007 in conformity with the basis of accounting Note 2 describes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jennings Township, Van Wert County, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, and Fire District funds for December 31, 2006, in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Mary Taylor, CPA
Auditor of State

September 4, 2008

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

This discussion and analysis of Jennings Township, Van Wert County (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 and 2006 are as follows:

- Net assets of governmental activities increased \$9,545 or 8 percent in 2007 and \$36,385 or 43 percent in 2006, a significant change from the prior year 2005. The fund most affected by the increase in cash and cash equivalents was the Gasoline Tax Fund.
- The Township's general receipts are primarily property, estate, and grants and entitlements. Local property, estate taxes, and grants and entitlements combined for 16 percent of total receipts in 2007 and 33 percent in 2006. Property and gasoline taxes increased, as all other funds did not meet expectations.
- Property tax receipts in the fire levy fund did not meet the increasing cost of fire protection to the Township. The Township currently has enough reserve in the fire fund for a year's payments. In November of 2005, the voters did pass a replacement levy of 1.5 mills and an increase of 0.2 mill to cover the increased expense of operating the fire and ambulance services to the Township residents.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. General receipts are all receipts not classified as program receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the extent of the Township's debt obligations, and the need for continued growth in the major local revenue sources such as local property, estate and gasoline taxes.

In the statement of net assets and the statement of activities, we determined that the Township only administered governmental activities in 2007 and 2006.

Governmental Activities - All of the Township's basic services are reported here, including fire protection and road, ditch, and cemetery maintenance. Property, estate, and gasoline taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them. Cemetery maintenance is partially funded by burial fees and sales of cemetery lots. The remainder of cemetery maintenance and upkeep is expended from property taxes from the Township's General fund.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Township utilizes only the governmental fund category at this time, having no proprietary or fiduciary funds.

Governmental Funds – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 and 2006 compared to 2005 on the cash basis:

**Table 1
Net Assets**

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$129,724	\$120,179	\$83,794
Total Assets	<u>129,724</u>	<u>120,179</u>	<u>83,794</u>
Net Assets			
Restricted for:			
Capital Projects			6,639
Permanent Funds			
Expendable	160	139	128
Non-Expendable	600	600	600
Other Purposes	126,572	113,235	60,037
Unrestricted	2,392	6,205	16,390
Total Net Assets	<u>\$129,724</u>	<u>\$120,179</u>	<u>\$83,794</u>

As mentioned previously, net assets of governmental activities increased \$9,545 or 8 percent during 2007. The primary reason contributing to the increase in cash balances was an unexpected increase in gasoline tax receipts. Net assets of governmental activities increased 43 percent during 2006, also, because of an unexpected increase in gasoline taxes.

Table 2 reflects the changes in net assets in 2007 and 2006.

**Table 2
Change in Net Assets**

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services	\$ 3,753	\$ 2,832	\$ 3,125
Operating Grants and Contributions	102,911	99,731	90,036
Capital Grants and Contributions		37,917	
Total Program Receipts	<u>106,664</u>	<u>140,480</u>	<u>93,161</u>
General Receipts:			
Property Taxes	34,572	32,713	34,662
Grants and Entitlements	26,982	35,709	27,223
Earnings on Investments	234	189	163
Miscellaneous	992	629	854
Total General Receipts	<u>62,780</u>	<u>69,240</u>	<u>62,902</u>
Total Receipts	<u>\$169,444</u>	<u>\$209,720</u>	<u>\$156,063</u> (Continued)

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

**Table 2
Change in Net Assets
(Continued)**

	Governmental Activities		
	2007	2006	2005
Disbursements:			
General Government	26,687	30,112	28,695
Public Safety	14,585	13,614	13,424
Public Works	105,534	63,519	90,036
Health	10,477	12,366	12,868
Capital Outlay	12	53,724	60
Debt Service	2,604		
Total Disbursements	159,899	173,335	145,083
Increase In Net Assets	9,545	36,385	10,980
Net Assets at Beginning of Year	120,179	83,794	72,814
Net Assets at End of Year	<u>\$129,724</u>	<u>\$120,179</u>	<u>\$83,794</u>

General receipts represent 37 percent of the Township's total receipts in 2007 and 33 percent in 2006 and of this amount over 55 percent and 47 percent respectively were property taxes. 53 percent and 41 percent respectively of the Township's total receipts were received from gasoline taxes.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the cost of the Board of Trustees, the fiscal officer and payroll.

Public Safety represents fire and ambulance protection contracted with the Villages of Spencerville and Middle Point.

The Township is a member of the Van Wert County Health District and the disbursement entitled Health is payment to that public entity for services provided for the Township and its residents.

Governmental Activities

If you look at the Statements of Activities on pages 10 and 18, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of reimbursing these services. For 2007 the major program disbursements for governmental activities were for general government and public works which account for approximately 16.7 percent and 66 percent, respectively. A comparison between the total cost of services and the net cost is presented in Table 3A for 2007 and 2006.

**(Table 3A)
Governmental Activities**

	Total Cost Of Services 2007	Net Cost Of Services 2007	Total Cost Of Services 2006	Net Cost Of Services 2006
General Government	\$ 26,687	(\$26,687)	\$ 30,112	(\$30,112)
Public Safety	14,585	(14,585)	13,614	(13,614)
Public Works	105,534	(1,270)	63,519	37,544
Health	10,477	(8,077)	12,366	(10,866)
Capital Outlay	12	(12)	53,724	(15,807)
Debt Service	2,604	(2,604)		
Total Expenses	\$159,899	(\$53,235)	\$173,335	(\$32,855)

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

For 2006, the major program disbursements for governmental activities were for general government and public works which account for approximately 17.4 percent and 36.6 percent in 2006 of all Township disbursements, respectively. A comparison between the total cost of services and the net cost is presented in Table 3B for 2006 and 2005.

(Table 3B)

Governmental Activities				
	Total Cost Of Services 2006	Net Cost Of Services 2006	Total Cost Of Services 2005	Net Cost Of Services 2005
General Government	\$30,112	(\$30,112)	\$28,695	(\$28,145)
Public Safety	13,614	(13,614)	13,425	(13,425)
Public Works	63,519	37,544	90,037	1,670
Health	12,366	(10,866)	12,868	(10,293)
Capital Outlay	53,724	(15,807)	60	(60)
Total Expenses	\$173,335	(\$32,855)	\$145,085	(\$50,253)

The Township's Funds

For 2007 the total governmental funds had receipts of \$169,444 and disbursements of \$159,899. For 2006 the total governmental funds had receipts of \$209,720 and disbursements of \$173,335. The greatest change within governmental funds occurred within the Gasoline Tax Fund.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

General Fund receipts were less than budget expectations for 2007 and 2006. Actual receipts in the General Fund were \$28,172 and \$37,299 with an expected budget amount of \$32,361 and \$42,428.

General Fund disbursements were less than budget expectation for 2007 and 2006. Actual disbursements in the General Fund were \$31,985 and \$45,484 with an expected budget amount of \$42,048 and \$73,731.

Current Issues

The challenge for Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. Jennings Township relies heavily on local taxes and has very little industry to support the tax base. No major capital investments for equipment are planned, and management will continue to provide the best service to Township residents while staying within budget guidelines.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mary Lou Macklin, Jennings Township Clerk, 21332 Gilbert Rd., Spencerville, OH 45887.

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**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$129,724</u>
Total Assets	<u><u>129,724</u></u>
Net Assets	
Restricted for:	
Permanent Funds:	
Expendable	160
Nonexpendable	600
Other Purposes	126,572
Unrestricted	<u>2,392</u>
Total Net Assets	<u><u>\$129,724</u></u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
General Government	\$26,687			(\$26,687)
Public Safety	14,585			(14,585)
Public Works	105,534	\$1,353	\$102,911	(1,270)
Health	10,477	2,400		(8,077)
Capital Outlay	12			(12)
Debt Service:				
Principal	2,604			(2,604)
Total Governmental Activities	<u>\$159,899</u>	<u>\$3,753</u>	<u>\$102,911</u>	<u>(53,235)</u>
General Receipts				
Property Taxes				34,572
Grants and Entitlements not Restricted to Specific Programs				26,982
Earnings on Investments				234
Miscellaneous				992
Total General Receipts				<u>62,780</u>
Change in Net Assets				9,545
Net Assets Beginning of Year				<u>120,179</u>
Net Assets End of Year				<u>\$129,724</u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$2,392	\$86,583	\$12,007	\$17,779	\$10,276	\$129,724
Total Assets	<u>2,392</u>	<u>86,583</u>	<u>12,007</u>	<u>17,779</u>	<u>10,276</u>	<u>129,037</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	2,392					2,392
Special Revenue Funds		86,583	12,007	17,779	10,203	126,572
Permanent Fund					760	760
Total Fund Balances	<u>\$2,392</u>	<u>\$86,583</u>	<u>\$12,007</u>	<u>\$17,779</u>	<u>\$10,963</u>	<u>\$129,724</u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts						
Property and Other Local Taxes	\$4,587		\$15,432	\$14,553	\$1,353	\$35,925
Licenses, Permits and Fees					1,800	1,800
Intergovernmental	23,082	\$89,568	2,008	1,892	13,343	129,893
Earnings on Investments	66	135			33	234
Miscellaneous	437	440	24		691	1,592
Total Receipts	<u>28,172</u>	<u>90,143</u>	<u>17,464</u>	<u>16,445</u>	<u>17,220</u>	<u>169,444</u>
Disbursements						
Current:						
General Government	23,840				2,847	26,687
Public Safety				13,441	1,144	14,585
Public Works		79,987	16,985		8,562	105,534
Health	8,145				2,332	10,477
Capital Outlay					12	12
Debt Service:						
Principal Retirement			2,604			2,604
Total Disbursements	<u>31,985</u>	<u>79,987</u>	<u>19,589</u>	<u>13,441</u>	<u>14,897</u>	<u>159,899</u>
Excess of Receipts Over (Under) Disbursements	(3,813)	10,156	(2,125)	3,004	2,323	9,545
Fund Balances Beginning of Year	<u>6,205</u>	<u>76,427</u>	<u>14,132</u>	<u>14,775</u>	<u>8,640</u>	<u>120,179</u>
Fund Balances End of Year	<u>\$2,392</u>	<u>\$86,583</u>	<u>\$12,007</u>	<u>\$17,779</u>	<u>\$10,963</u>	<u>\$129,724</u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$5,000	\$5,000	\$4,587	(\$413)
Intergovernmental	26,211	27,211	23,082	(4,129)
Earnings on Investments	150		66	66
Miscellaneous	1,000	150	437	287
Total receipts	<u>32,361</u>	<u>32,361</u>	<u>28,172</u>	<u>(4,189)</u>
Disbursements				
Current:				
General Government	31,921	31,921	23,840	8,081
Health	10,127	10,127	8,145	1,982
Total Disbursements	<u>42,048</u>	<u>42,048</u>	<u>31,985</u>	<u>10,063</u>
Excess of Receipts Over (Under) Disbursements	(9,687)	(9,687)	(3,813)	5,874
Cash Balance Beginning of Year	<u>6,205</u>	<u>6,205</u>	<u>6,205</u>	
Cash Balance End of Year	<u><u>(\$3,482)</u></u>	<u><u>(\$3,482)</u></u>	<u><u>\$2,392</u></u>	<u><u>\$5,874</u></u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$84,000	\$84,000	\$89,568	\$5,568
Earnings on Investments	50	50	135	85
Miscellaneous			440	440
Total receipts	<u>84,050</u>	<u>84,050</u>	<u>90,143</u>	<u>6,093</u>
Disbursements				
Current:				
General Government	1,000	1,000		1,000
Public Works	119,458	119,458	79,987	39,471
Total Disbursements	<u>120,458</u>	<u>120,458</u>	<u>79,987</u>	<u>40,471</u>
Excess of Receipts Over (Under) Disbursements	(36,408)	(36,408)	10,156	46,564
Cash Balance Beginning of Year	<u>76,427</u>	<u>76,427</u>	<u>76,427</u>	
Cash Balance End of Year	<u><u>\$40,019</u></u>	<u><u>\$40,019</u></u>	<u><u>\$86,583</u></u>	<u><u>\$46,564</u></u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$17,000	\$17,000	\$15,432	(\$1,568)
Intergovernmental			2,008	2,008
Miscellaneous	660	660	24	(636)
Total receipts	<u>17,660</u>	<u>17,660</u>	<u>17,464</u>	<u>(196)</u>
Disbursements				
Current:				
Public Works	26,208	26,208	16,985	9,224
Capital Outlay	2,000	2,000		2,000
Debt Service:				
Principal Retirement			2,604	(2,604)
Total Disbursements	<u>28,208</u>	<u>28,208</u>	<u>19,589</u>	<u>8,619</u>
Excess of Receipts Over (Under) Disbursements	(10,548)	(10,548)	(2,125)	8,423
Cash Balance Beginning of Year	<u>14,132</u>	<u>14,132</u>	<u>14,132</u>	
Cash Balance End of Year	<u>\$3,584</u>	<u>\$3,584</u>	<u>\$12,007</u>	<u>\$8,423</u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$16,600	\$16,600	\$14,553	(\$2,047)
Intergovernmental	800	800	1,892	1,092
Total receipts	<u>17,400</u>	<u>17,400</u>	<u>16,445</u>	<u>(955)</u>
Disbursements				
Current:				
General Government	250	250		250
Public Safety	14,800	14,800	13,441	1,359
Total Disbursements	<u>15,050</u>	<u>15,050</u>	<u>13,441</u>	<u>1,609</u>
Excess of Receipts Over (Under) Disbursements	2,350	2,350	3,004	654
Cash Balance Beginning of Year	<u>14,775</u>	<u>14,775</u>	<u>14,775</u>	
Cash Balance End of Year	<u><u>\$17,125</u></u>	<u><u>\$17,125</u></u>	<u><u>\$17,779</u></u>	<u><u>\$654</u></u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	<u>Governmental Activities</u>
Assets	
Cash	\$120,179
Total Assets	<u>120,179</u>
Net Assets	
Restricted for:	
Permanent Funds:	
Expendable	139
Nonexpendable	600
Other Purposes	113,235
Unrestricted	<u>6,205</u>
Total Net Assets	<u>\$120,179</u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Cash</u>	<u>Program Cash Receipts</u>			<u>Net (Disbursements)</u>
		<u>Disbursements</u>	<u>Charges</u>	<u>Operating</u>	<u>Capital</u>
		<u>for Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>in Net Assets</u>
		<u>and Sales</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Governmental</u>
Governmental Activities					<u>Activities</u>
General Government	\$30,112				(\$30,112)
Public Safety	13,614				(13,614)
Public Works	63,519	\$1,332	\$99,731		37,544
Health	12,366	1,500			(10,866)
Capital Outlay	53,724			\$37,917	(15,807)
Total Governmental Activities	<u>\$173,335</u>	<u>\$2,832</u>	<u>\$99,731</u>	<u>\$37,917</u>	<u>(32,855)</u>
General Receipts					
Property Taxes					32,713
Grants and Entitlements not Restricted to Specific Programs					35,709
Earnings on Investments					189
Miscellaneous					629
Total General Receipts					<u>69,240</u>
Change in Net Assets					36,385
Net Assets Beginning of Year					<u>83,794</u>
Net Assets End of Year					<u><u>\$120,179</u></u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash	\$6,205	\$76,427	\$14,132	\$14,775	\$8,640	\$120,179
Total Assets	<u>\$6,205</u>	<u>\$76,427</u>	<u>\$14,132</u>	<u>\$14,775</u>	<u>\$8,640</u>	<u>\$120,179</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$6,205					\$6,205
Special Revenue Funds		\$76,427	\$14,132	\$14,775	\$7,901	113,235
Permanent Fund					739	739
Total Fund Balances	<u>\$6,205</u>	<u>\$76,427</u>	<u>\$14,132</u>	<u>\$14,775</u>	<u>\$8,640</u>	<u>\$120,179</u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Gasoline Tax	Road and Bridge	Fire District	Issue II	Other Governmental Funds	Total
Receipts							
Property and Other Local Taxes	\$4,555		\$15,338	\$12,820		\$1,332	\$34,045
Licenses, Permits and Fees						1,500	1,500
Intergovernmental	32,052	\$86,201	2,018	1,639	\$37,917	13,530	173,357
Earnings on Investments	90	80				19	189
Miscellaneous	602	27					629
Total Receipts	37,299	86,308	17,356	14,459	37,917	16,381	209,720
Disbursements							
Current:							
General Government	27,467			178		2,467	30,112
Public Safety				12,502		1,112	13,614
Public Works		37,660	15,426			10,433	63,519
Health	9,035					3,331	12,366
Capital Outlay	8,982				37,917	6,825	53,724
Total Disbursements	45,484	37,660	15,426	12,680	37,917	24,168	173,335
Excess of Receipts Over (Under) Disbursements	(8,185)	48,648	1,930	1,779		(7,787)	36,385
Other Financing Sources (Uses)							
Transfers In						2,000	2,000
Transfers Out	(2,000)						(2,000)
Total Other Financing Sources (Uses)	(2,000)					2,000	
Net Change in Fund Balances	(10,185)	48,648	1,930	1,779		(5,787)	36,385
Fund Balances Beginning of Year	16,390	27,779	12,202	12,996		14,427	83,794
Fund Balances End of Year	\$6,205	\$76,427	\$14,132	\$14,775	\$0	\$8,640	\$120,179

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$5,030	\$5,030	\$4,555	(\$475)
Intergovernmental	31,598	31,598	32,052	454
Earnings on Investments	100	100	90	(10)
Miscellaneous	5,700	5,700	602	(5,098)
Total receipts	<u>42,428</u>	<u>42,428</u>	<u>37,299</u>	<u>(5,129)</u>
Disbursements				
Current:				
General Government	51,854	51,854	27,467	24,387
Health	14,490	12,490	9,035	3,455
Capital Outlay	9,387	9,387	8,982	405
Total Disbursements	<u>75,731</u>	<u>73,731</u>	<u>45,484</u>	<u>28,247</u>
Excess of Receipts Over (Under) Disbursements	(33,303)	(31,303)	(8,185)	23,118
Other Financing Sources (Uses)				
Transfers Out		(2,000)	(2,000)	
Total Other Financing Sources (Uses)		<u>(2,000)</u>	<u>(2,000)</u>	
Net Change in Fund Balance	(33,303)	(33,303)	(10,185)	23,118
Fund Balance Beginning of Year	<u>16,390</u>	<u>16,390</u>	<u>16,390</u>	
Fund Balance End of Year	<u>(\$16,913)</u>	<u>(\$16,913)</u>	<u>\$6,205</u>	<u>\$23,118</u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$67,000	\$67,000	\$86,201	\$19,201
Earnings on Investments	30	30	80	50
Miscellaneous			27	27
Total receipts	<u>67,030</u>	<u>67,030</u>	<u>86,308</u>	<u>19,278</u>
Disbursements				
Current:				
General Government	1,000	1,000		1,000
Public Works	<u>85,920</u>	<u>85,920</u>	<u>37,660</u>	<u>48,260</u>
Total Disbursements	<u>86,920</u>	<u>86,920</u>	<u>37,660</u>	<u>49,260</u>
Excess of Receipts Over (Under) Disbursements	(19,890)	(19,890)	48,648	68,538
Fund Balance Beginning of Year	<u>27,779</u>	<u>27,779</u>	<u>27,779</u>	
Fund Balance End of Year	<u><u>\$7,889</u></u>	<u><u>\$7,889</u></u>	<u><u>\$76,427</u></u>	<u><u>\$68,538</u></u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$17,120	\$17,120	\$15,338	(\$1,782)
Intergovernmental			2,018	2,018
Total receipts	<u>17,120</u>	<u>17,120</u>	<u>17,356</u>	<u>236</u>
Disbursements				
Current:				
Public Works	<u>19,520</u>	<u>19,520</u>	<u>15,426</u>	<u>4,094</u>
Total Disbursements	<u>19,520</u>	<u>19,520</u>	<u>15,426</u>	<u>4,094</u>
Excess of Receipts Over (Under) Disbursements	(2,400)	(2,400)	1,930	4,330
Fund Balance Beginning of Year	<u>12,202</u>	<u>12,202</u>	<u>12,202</u>	
Fund Balance End of Year	<u><u>\$9,802</u></u>	<u><u>\$9,802</u></u>	<u><u>\$14,132</u></u>	<u><u>\$4,330</u></u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$13,910	\$13,910	\$12,820	(\$1,090)
Intergovernmental	350	350	1,639	1,289
Total receipts	<u>14,260</u>	<u>14,260</u>	<u>14,459</u>	<u>199</u>
Disbursements				
Current:				
General Government		200	178	22
Public Safety	<u>15,000</u>	<u>14,800</u>	<u>12,502</u>	<u>2,298</u>
Total Disbursements	<u>15,000</u>	<u>15,000</u>	<u>12,680</u>	<u>2,320</u>
Excess of Receipts Over (Under) Disbursements	(740)	(740)	1,779	2,519
Fund Balance Beginning of Year	<u>12,996</u>	<u>12,996</u>	<u>12,996</u>	
Fund Balance End of Year	<u><u>\$12,256</u></u>	<u><u>\$12,256</u></u>	<u><u>\$14,775</u></u>	<u><u>\$2,519</u></u>

See accompanying notes to the basic financial statements.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

1. DESCRIPTION OF ENTITY

Jennings Township, Van Wert County (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, and boards that are not legally separate from the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Villages of Spencerville, and Middle Point for fire protection and ambulance services. Police protection is provided by the Van Wert County Sheriff's Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipients of the program's goods or services, grants and contributions restricted to meeting the operation or capital requirements of a particular program. General receipts are all receipts not classified as program receipts with limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self financing on a cash basis or draws from the Township's general receipts.

2. Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are reported as governmental.

- 1. Governmental Funds** - The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. For 2007 and 2006, the Township's major governmental funds were the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Fire District Fund. In 2006, the Issue II Fund was also a major fund.

General Fund—The General Fund is used to account for all financial resources, except those required to be accounted for 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.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gasoline Tax Fund - This fund receives gasoline tax monies for constructing, maintaining, and repair of Township roads

Road and Bridge Fund – this fund receives a portion of property tax money for the constructing, maintaining, and repair of Township roads.

Fire District Fund - This fund receives property taxes levied by the township to provide fire protection.

Issue II Fund – this fund receives a share of county receipts from State Issue II and is used for special projects in constructing and repairing Township roads.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. The receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$66 and during 2006 was \$90.

F. Restricted Assets

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments, or imposed by law through constitutional provisions. Restricted assets for other purposes represent the amounts reported in the special revenue and permanent funds that are restricted as to use.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. The employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for special revenue purposes and a permanent fund. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

3. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. Monies held by the Township are classified by state Statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

3. EQUITY IN POOLED CASH (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits - At December 31, 2007 and 2006, the carrying amounts of the Township's deposits were \$129,724 and \$120,179, respectively, and the bank balances were \$138,413 and \$129,790, respectively. Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007 and 2006, \$38,413 and \$29,790, respectively, of the Township's bank balance was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

4. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. For 2006, the amounts levied were for the year prior to those indicated for 2007. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. For 2006, the liens were a year earlier than 2007. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

4. PROPERTY TAXES (Continued)

The full tax rate for all Township operations for the years ended December 31, 2007 and 2006, was \$3.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

	<u>2007</u>	<u>2006</u>
Real Property		
Residential	\$ 5,035,100	\$4,727,860
Agricultural	4,337,120	4,318,550
Commercial/Industrial/Mineral	14,520	14,780
Tangible Personal Property	64,818	79,507
Public Utility	382,860	394,580
Total Assessed Value	<u>\$9,834,418</u>	<u>\$9,535,277</u>

The Van Wert County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

5. RISK MANAGEMENT

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

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

5. RISK MANAGEMENT (Continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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 government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

	2007	2006
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	\$29,852,866	\$29,921,614

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$5,489. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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.

Contributions to OTARMA	
2005	\$5,910
2006	5,688
2007	5,839

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

5. RISK MANAGEMENT (Continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

6. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy

The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2007 and December 31, 2006, members in state and local classifications contributed 9.5 and 9.0 percent, respectively, of covered payroll.

The Township's contribution rates for 2007 and 2006 were 13.85 and 13.70 percent, respectively, of covered payroll. For the period January 1, through June 30, 2007, a portion of the Township's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. For the year 2006, 4.5 percent was used to fund the post-employment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEFINED BENEFIT PENSION PLAN (Continued)

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$3,525, \$3,911, and \$3,434, respectively. The full amount has been contributed for 2007, 2006 and 2005.

7. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description

OPERS maintains a cost-sharing multiple-employer defined benefit post employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy

The post employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post employment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll for 2007 and 13.77 for 2006. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding post-employment healthcare benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007. For the year 2006 4.5 percent was used to fund the post-employment healthcare.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

7. POST-EMPLOYMENT BENEFITS (Continued)

The Township's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$2,322, \$1,913, and \$1,438 respectively; 100 percent has been contributed for all years.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

8. DEBT OBLIGATIONS

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	December 31, 2006	Additions	Reductions	December 31, 2007	Due Within One Year
Governmental Activities						
Land Contract Purchase	0.00%	\$0.00	\$13,032	\$2,604	\$10,428	\$2,606

The land purchase is supported by the full faith and credit of the Township and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

Year	Land Purchase Principal
2008	\$ 2,606
2009	2,606
2010	2,606
2011	2,610
Totals	\$10,428

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$1,032,614 and an unvoted debt margin of \$540,893.

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

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Mary Taylor, CPA

Auditor of State

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

Jennings Township
Van Wert County
21332 Gilbert Road
Spencerville, Ohio 45887

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of and for the years ended December 31, 2007 and 2006 which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 4, 2008 wherein we issued an adverse opinion for 2007 because the Township declined to adjust the financial statements. We also noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. In addition, the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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**Internal Control Over Financial Reporting
(Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001, 2007-003 and 2007-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe finding number 2007-001 to be a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated September 4, 2008.

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, providing an opinion 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2007-001 through 2007-003.

We did a note certain noncompliance or other matter that we reported to the Township's management in a separate letter dated September 4, 2008.

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

We intend this report solely for the information and use of the Township Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 4, 2008

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING FOR ADJUSTMENT NUMBER 2007-001

Noncompliance/Material Weakness – Trustee’s Compensation Allocation

Ohio Rev. Code Section 505.24(C) sets forth the method by which township trustees’ compensation should be allocated. This section states that the annual amount of salary approved by the Board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in the division, and shall be paid only from the township general fund, or from funds in proportions as the board may specify by resolution.

In addition, **2004 Op. Atty. Gen No 04-036** requires trustees to establish administrative procedures to document the proportionate amount chargeable to other township funds based on the kinds of services rendered if salaries are going to be charged to funds other than the township general fund. The “administrative procedures” can be timesheets or a similar method of record keeping, as long as the trustees’ document all time spent on township business and the type of service performed, in a manner similar to trustees’ paid per diem compensation. If the trustees do not document their time, then no part of their salaries or benefits may be paid from these other funds.

Per the above, trustees must keep records of the time spent on various tasks and the fund to which the township will charge their costs. (The sole exception to this is for trustees charging all salaries to the general fund, as described above.) There is no one method for documenting time and the kinds of services rendered. A diary, time sheets or other methods will suffice if they include the information described above.

Although the Trustees had been advised in the prior audit that findings would be issued if the new requirements were not followed, there was no evidence that the Board passed a Trustee Salary Resolution or that documentation was maintained for time spent on work performed that could be charged to funds other than the General Fund. Therefore, the Trustee’s salaries should have been paid from the General Fund. During the year ended December 31, 2007, the Township disbursed trustees’ salaries and benefits from the Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge, Special Revenue funds, as follows:

<u>2007</u>	<u>Motor Vehicle License</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>2007 Total</u>
Trustees' Salaries	\$7,679.94	\$7,679.94	\$7,679.94	\$23,039.82
Employer Share PERS	1,143.72	1,143.72	1,143.72	3,431.16
Employer Share Medicare	119.76	119.76	119.76	359.28
Insurance	2,597.01	1,212.14	1,116.70	4,925.85
Total	<u>\$11,540.43</u>	<u>\$10,155.56</u>	<u>\$10,060.12</u>	<u>\$31,756.11</u>

Had these costs been paid from the General Fund, the effect would be to decrease the General Fund cash balance at December 31, 2007 by \$31,756.11. The Gasoline Tax, Road and Bridge, and Other Governmental Funds (Motor Vehicle License Tax Fund) cash balances would have increased by \$10,156, \$10,060, and \$11,540 respectively, at December 31, 2007.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the General Fund for the year ended December 31, 2007 in the amount of \$31,756.11 and in favor of the Gasoline Tax, Road and Bridge, and Other Governmental Funds (Motor Vehicle License Tax Fund) by \$10,156, \$10,060, and \$11,540, respectively.

**FINDING FOR ADJUSTMENT NUMBER 2007-001
(Continued)**

The Township has declined to adjust its financial statements or accounting records. The failure to make the required adjustments resulted in an adverse opinion on the financial statements because the Auditor of State has no acceptable evidence to support the allocation of the salaries and benefits to funds other than the General fund.

In addition, the lack of a resolution establishing the payment method and the required supporting documentation on the salary and benefit allocations to the various funds could result in future findings for adjustment. The Township Board of Trustees should adopt a resolution to pay the trustees an annual salary or on a per diem basis and follow the procedures outlined above.

Officials Response:

The Trustees are paid the maximum amount set forth by the O.R.C. The Trustees do currently complete a time sheet allocating what percentage of their time was for general business, cemetery, and/or road work. However, this time sheet is not detailed enough to suffice the current expectations.

FINDING NUMBER 2007-002

Noncompliance – Certification of Available Funds Prior to Obligation

Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

FINDING 2007-002
(Continued)

3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

In eighteen (18%) percent of the invoices tested, the date of the invoice preceded the date of the purchase order or blanket certificate date. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Township should certify that the funds are or will be available prior to the obligation. When prior certification is not possible, "then and now" certification should be used.

Officials Response:

The majority of the Township's purchases are established at the beginning of each year, however there are always situations that arise where the Trustees may need to purchase some supplies on demand to complete a project without prior notice.

FINDING 2007-003

Noncompliance/Significant Deficiency – Use of Gasoline Excise Tax

Ohio Rev. Code Section 5735.27 established the gasoline excise tax fund, in the state treasury and states that the fund shall be distributed in accordance with Ohio Rev. Code Section 5735.27(A)(5)(a) which requires the townships share to be divided in equal proportion among the townships in the state.

Ohio Rev. Code Section 5735.27(A)(5)(d) states that all amounts credited pursuant to divisions (A)(5)(a) and of this section shall be paid to the county treasurer of each county for the total amount payable to the townships within each of the counties. The county treasurer shall pay to each township within the county its proportional share of the funds, which shall be expended by each township only for the purposes of planning, constructing, maintaining, widening, and reconstructing the public roads and highways within the township, paying principal, interest, and charges on obligations incurred pursuant to section 5531.09 of the Revised Code, and paying costs apportioned to the township under section 4907.47 of the Revised Code.

Further, no part of the funds designated for road and highway purposes shall be used for any purpose except to pay in whole or part the contract price of any such work done by contract, or to pay the cost of labor in planning, constructing, widening, and reconstructing such roads and highways, and the cost of materials forming a part of the improvement; provided that the funds may be used for the purchase of road machinery and equipment and for the planning, construction, and maintenance of suitable buildings for housing road machinery and equipment, and that all such improvement of roads shall be under supervision and direction of the county engineer as provided in section 5575.07 of the Revised Code.

**FINDING 2007-003
(Continued)**

No obligation against the funds shall be incurred unless plans and specifications for the improvement, approved by the county engineer, are on file in the office of the township fiscal officer, and all contracts for material and for work done by contract shall be approved by the county engineer before being signed by the board of township trustees. The board of township trustees of any township may pass a resolution permitting the board of county commissioners to expend the township's share of the funds, or any portion of it, for the improvement of the roads within the township as may be designated in the resolution.

In addition, **Ohio Rev. Code Section 5705.10** provides that money paid into a fund shall be used only for the purpose for which such fund was established. Therefore, money in a fund may be used to pay debt charges provided the payment of such debt charges is consistent with the purpose for which the fund was established.

In 2007, a debt payment for a land purchase in the amount of \$2,604 was paid from the Gasoline Tax Fund. As stated above, pursuant to **Ohio Rev. Code 5735.27** monies from this special fund can only be used for the purposes of planning, constructing, widening, and reconstructing roads and highways, and for the purchase of road machinery and equipment and for the planning, construction, and maintenance of suitable buildings for housing road machinery and equipment. An adjustment was recorded to reallocate this expenditure to the Road and Bridge Fund.

The Ohio Township Manual and Ohio Revised Code should be reviewed to determine allowable expenditures for each special fund.

Officials Response:

The Township recently purchased property with the purpose of building a garage to house the necessary equipment used to repair in the upkeep of our Township roads.

FINDING 2007-004

Significant Deficiency - Classifying Revenues and Expenditures

The Township posted all transactions to the cash journal and revenue/appropriation ledgers, however, not all transactions were posted to the correct account. The chart of accounts to be used for posting revenue and expenditure activity is outlined in the Ohio Township Handbook, and the Uniform Accounting Network (UAN) chart of accounts. The following items were not posted in accordance with the chart of accounts during 2007 and 2006:

- The Township did not book \$37,917 of Issue II revenues and expenditures received and spent during 2006 on the Township's behalf by Van Wert County.
- The Township posted \$3,561 homestead and rollback in 2006 and \$3,900 in 2007 to the general fund instead of allocating the proper amounts to the Road and Bridge and Fire District Funds, \$1,943 and \$1,618, respectively in 2006, and \$2,008 and \$1,892, respectively for 2007.
- A debt payment in the amount of \$2,604 was made from the Gasoline Tax Fund and was reported as public works rather than as a payment of principal.

**FINDING 2007-004
(Continued)**

The failure to follow the chart of accounts when coding revenue and expenditure activity resulted in the material misstatement of the revenue and expenditure line items for reporting. Adjustments have been made to the financial statements for these items.

The chart of accounts should be reviewed when posting revenue and expenditure activity to determine which account code best represents the transaction. Also, the Fiscal Officer should post revenue and expenditure corrections that occur within the same year as reductions of the original transactions.

Officials Response:

This was the first time that the Clerk had to handle to Issue II revenue and expenditures.

The homestead and rollback tax disbursements were issued with no attached documentation of which funds needed to be credited. This issue was corrected.

JENNINGS TOWNSHIP
VAN WERT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC Section 5705.41(D) – Failure to obtain prior certification for expenditures	No	See finding number 2007-002



Mary Taylor, CPA
Auditor of State

JENNINGS TOWNSHIP

VAN WERT 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
OCTOBER 14, 2008**