



**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008**



**Mary Taylor, CPA**  
Auditor of State



**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

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# Mary Taylor, CPA

Auditor of State

Jennings Township  
Putnam County  
19249 Road 20  
Fort Jennings, Ohio 45844-9128

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 23, 2009

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Jennings Township  
Putnam County  
19249 Road 20  
Fort Jennings, Ohio 45844-9128

To the Board of Trustees:

We have audited the accompanying financial statements of Jennings Township, Putnam County, (the Township) as of and for the years ended December 31, 2008 and 2007. 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of Jennings Township, Putnam County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2009, 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.



**Mary Taylor, CPA**  
Auditor of State

April 23, 2009



**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$17,940	\$138,445	\$156,385
Intergovernmental	30,286	133,280	163,566
Charges for Services		1,500	1,500
Licenses, Permits, and Fees	216	250	466
Earnings on Investments	626	269	895
Other Revenue	1,387	2,637	4,024
	<u>50,455</u>	<u>276,381</u>	<u>326,836</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	48,219	49,242	97,461
Public Safety		36,993	36,993
Public Works		142,880	142,880
Health	2,935		2,935
Debt Service:			
Redemption of Principal		8,800	8,800
Interest and Fiscal Charges		440	440
Capital Outlay		6,378	6,378
	<u>51,154</u>	<u>244,733</u>	<u>295,887</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	(699)	31,648	30,949
Fund Cash Balances, January 1	<u>23,018</u>	<u>297,660</u>	<u>320,678</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$22,319</b></u>	<u><b>\$329,308</b></u>	<u><b>\$351,627</b></u>
Reserve for Encumbrances, December 31	<u><u>\$240</u></u>	<u><u>\$166</u></u>	<u><u>\$406</u></u>

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

**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$18,315	\$149,095		\$167,410
Intergovernmental	32,911	130,327	\$19,000	182,238
Charges for Services		1,500		1,500
Licenses, Permits, and Fees	530			530
Rent	2,550			2,550
Earnings on Investments	612	262		874
Other Revenue	1,476	3,197		4,673
	<u>56,394</u>	<u>284,381</u>	<u>19,000</u>	<u>359,775</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	52,989	81,595		134,584
Public Safety		21,147		21,147
Public Works		144,500		144,500
Health	2,070			2,070
Debt Service:				
Redemption of Principal		8,800		8,800
Interest and Fiscal Charges		792		792
Capital Outlay		10,297	19,000	29,297
	<u>55,059</u>	<u>267,131</u>	<u>\$19,000</u>	<u>341,190</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over Cash Disbursements	1,335	17,250		18,585
Fund Cash Balances, January 1	21,683	280,410		302,093
<b>Fund Cash Balances, December 31</b>	<u><b>\$23,018</b></u>	<u><b>\$297,660</b></u>		<u><b>\$320,678</b></u>
Reserve for Encumbrances, December 31	<u>\$240</u>	<u>\$166</u>		<u>\$406</u>

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

**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Jennings Township, Putnam County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection

The Township participates in the Ohio Township Association Risk Management Authority a risk-sharing. Note 6 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

**C. Deposits and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant special revenue funds:

Road and Bridge – This fund receives property tax money for constructing, maintaining, and repairing Township road and bridges.

**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Road District Fund – This fund receives property tax money for maintaining and repairing Township roads.

Fire District Fund - This fund received property tax money for providing fire protection services.

**3. Capital Project Fund**

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio to resurface Township roads.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED DEPOSITS**

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

	2008	2007
Demand deposits	\$351,627	\$320,678

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,837	\$50,455	(\$3,382)
Special Revenue	279,152	276,381	(2,771)
Total	\$332,989	\$326,836	(\$6,153)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$76,405	\$51,394	\$25,011
Special Revenue	573,870	244,899	328,971
Total	\$650,275	\$296,293	\$353,982

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,003	\$56,394	\$2,391
Special Revenue	279,895	284,381	4,486
Capital Projects		19,000	19,000
Total	\$333,898	\$359,775	\$25,877

**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY – (CONTINUED)**

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$72,555	\$55,299	\$17,256
Special Revenue	558,427	267,297	291,130
Capital Projects		19,000	(19,000)
Total	\$630,982	\$341,596	\$289,386

In 2007, the Township was the beneficiary of \$19,000 of Ohio Public Works Commission (OPWC) money sent directly to the vendor by OPWC. This activity was not recorded on the ledgers of the Township. These funds were not appropriated causing expenditures to exceed appropriations in the Issue II fund by \$19,000 in 2005.

**4. PROPERTY TAX**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**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.

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.

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 provide 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.

**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**6. RISK MANAGEMENT – (CONTINUED)**

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 (the latest information available).

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

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 \$7,000. 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.

<b><u>Contributions to OTARMA</u></b>	
2006	\$9,537
2007	\$6,994
2008	\$7,178

**7. DEBT**

Debt outstanding at December 31, 2008, was as follows:

General Obligation Notes	<u>Principal</u> <u>\$4,400</u>	<u>Interest Rate</u> 4%
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**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. DEBT – (CONTINUED)**

The general obligation notes were issued to finance the purchase of a truck. The notes are collateralized by the truck.

Amortization of the above debt is scheduled as follows:

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2009	<u>\$ 4,400</u>

**8. OUTSTANDING CONTRACTUAL COMMITMENT**

The Township accepted a bid for a new fire truck on November 17, 2008, from Southern Fire Equipment in the amount of \$158,335 of which a Federal Homeland Security Grant will cover \$146,980 of cost. The Fire Department is in the process of having some additional equipment installed on the fire truck that may be in the range of \$170,000. The fire truck has not be received as of the current date.

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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  
Putnam County  
19249 Road 20  
Fort Jennings, Ohio 45844-9128

To the Board of Trustees:

We have audited the financial statements of Jennings Township, Putnam County, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 23, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted 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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is also a material weakness.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated April 23, 2009.

### **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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-002.

We also noted a certain noncompliance matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 23, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

April 23, 2009

**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

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

**FINDING NUMBER 2008-001**

**Material Weakness**

**Financial Reporting**

Inaccurate posting of transactions impedes the ability of the Trustees to accurately assess the financial status of the Township. We noted examples such as the following during our audit:

- On-behalf monies of \$19,000 for an Issue II project were not posted to the financial statements.
- Debt payments of \$18,532 were posted to the capital outlay expenditure line item.
- Rent payments of \$2,550 were posted to the miscellaneous line item.
- Fire Grant money of \$8,000 was posted the miscellaneous line item.

As a result, the Township's financial statements did not correctly reflect the financial activity of the Township. The accompanying financial statements have been adjusted so these transactions reflect their intended use.

We recommend the Fiscal Officer post all transactions in accordance with the guidance established by the Uniform Accounting Network manual. Further, the Township should adopt policies and procedures including a fiscal review of the financial statements by the Fiscal Officer and the Trustees to ensure errors and omissions are detected and corrected.

**FINDING NUMBER 2008-002**

**Noncompliance Citation**

Chapter 5705 of the Revised Code sets forth a procedure which provides for a uniform budget and appropriation process in order to assure a government entity expends no more than it expects to receive in revenue. In order to accomplish this end, all appropriations must be accounted to and from each appropriation fund. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded per O. R.C. Section 5705.42. Thus, a mechanism is still required to account for receipt and expenditure. This mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation per O.R.C. Section 5705.40. An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, which measurer also requires legislative action per O.R.C. Section 5705.38. Additionally, O.R.C. Section 5705.41(B) states no political subdivision is to expend money unless it has been appropriated.

In 2007 the Township was the beneficiary of \$19,000 of Ohio Public Work Commission (OPWC) money sent directly to the vendor by OPWC. This activity was not recorded on the ledgers of the Township, nor was it reflected in the Township's financial statements. Since OPWC paid the invoices, the Township did not receive this cash. However, Auditor of State Bulletin 2000-008 and 2002-004 prescribe recording these transactions as receipts and disbursements when the Township applies for a project and has administrative responsibilities. The accompanying financial statements were adjusted to reflect these amounts in a Capital Project Fund. These funds were not appropriated causing expenditures to exceed appropriations in the Capital Projects fund by \$19,000 in 2007 contrary to O.R.C. Section 5705.41(B).

**FINDING NUMBER 2008-002  
(Continued)**

We recommend the Township record all benefits received from state or federal grants as a memo receipt and expenditure on the Township's records and appropriate funds for the expenditures. In addition, Township management should review Auditor of State Bulletins 2000-008 and 2002-004.

**Officials' Response**

We did not receive a response from Official's to the findings reported above.

**JENNINGS TOWNSHIP  
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Ohio Revised Code § 5705.42 Not posting on-behalf payments	No	Not corrected. This finding has been repeated in this report as item 2008-002.
2006-002	Financial Reporting	No	Not corrected. This finding has been repeated in this report as item 2008-001.







**Mary Taylor, CPA**  
Auditor of State

**JENNINGS TOWNSHIP**

**PUTNAM 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  
MAY 14, 2009**