



Dave Yost • Auditor of State

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

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Dave Yost • Auditor of State

Jackson Township Park District
Allen County
P.O. Box 7095
Lafayette, Ohio 45854

To the Board of Commissioners:

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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 25, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jackson Township Park District
Allen County
P.O. Box 7095
Lafayette, Ohio 45854

To the Board of Commissioners:

We have audited the accompanying financial statements of the Jackson Township Park District, Allen County, (the Park District) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Park District'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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Park District 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 fund the accompanying financial statements present, GAAP require presenting entity wide statements. While the Park District 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 governments to reformat their statements. The Park District 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, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Park District as of December 31, 2010 and 2009, 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 fund cash balances of Jackson Township Park District, Allen County, as of December 31, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Park District 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 August 25, 2011, on our consideration of the Park District'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.

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

Dave Yost
Auditor of State

August 25, 2011

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

Cash Receipts:

Intergovernmental Revenue	\$5,064
Gifts and Donations	715
Interest	5
Miscellaneous	21
Total Cash Receipts	<u>5,805</u>

Cash Disbursements:

Current Disbursements:

Materials and Supplies	124
Contracts - Repair	2,767
Contracts - Services	3,128
Capital Outlay	2,500
Total Cash Disbursements	<u>8,519</u>

Total Receipts (Under) Disbursements (2,714)

Fund Cash Balance, January 1 7,653

Fund Cash Balance, December 31 \$4,939

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

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

Cash Receipts:

Intergovernmental Revenue	\$4,122
Gifts and Donations	820
Interest	<u>1</u>
Total Cash Receipts	<u>4,943</u>

Cash Disbursements:

Current Disbursements:

Materials and Supplies	139
Contracts - Repair	1,555
Contracts - Services	<u>3,100</u>
Total Cash Disbursements	<u>4,794</u>

Total Receipts Over Disbursements 149

Fund Cash Balance, January 1 7,504

Fund Cash Balance, December 31 \$7,653

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

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 Jackson Township Park District, Allen County, (the Park District) as a body corporate and politic. The probate judge of Allen County appoints a three-member Board of Commissioners to govern the Park District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

The Park District's management believes these financial statements present all activities for which the Park District 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 Park District 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. Deposit and Investments

All Park District funds were held in demand deposit accounts.

D. Fund Accounting

The Park District uses fund accounting and classifies its fund into the general fund type which is the General operating fund of the Park District. It is used to account for all financial activity.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations and appropriations may not exceed estimated resources. The Park District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Park District to reserve (encumber) appropriations when individual commitments are made. The Park District did not use the encumbrance method of accounting.

F. Property, Plant, and Equipment

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

2. DEPOSITS

The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	<u>\$4,939</u>	<u>\$7,653</u>

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

For the years 2010 and 2009, the Park District did not adopt a budget, prepare and certify available resources, or adopt annual appropriation measures, as required by the Ohio Revised Code Sections 5705.28(B)(2)(a), 5705.36(A)(1), and 5705.38(A) respectively. Also, the fiscal officer did not certify that the amounts required for orders or contracts had been lawfully appropriated and were in the treasury or in the process of collection as required by Ohio Rev. Code Section 5705.41(D).

4. RISK MANAGEMENT

The Park District has obtained commercial insurance for comprehensive property and general liability risks from Cole Humphrey Insurance.



Dave Yost • Auditor of State

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

Jackson Township Park District
Allen County
P.O. Box 7095
Lafayette, Ohio 45854

To the Board of Commissioners:

We have audited the financial statements of the Jackson Township Park District, Allen County, (the Park District) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 25, 2011, wherein we noted the Park District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Park District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Park District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Park District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Park District's financial statements will not be prevented, or detected and timely corrected.

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 deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-01 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of reasonably assuring whether the Park District'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 2010-02 through 2010-04.

We also noted certain matters not requiring inclusion in this report that we reported to the Park District's management in a separate letter dated August 25, 2011.

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

We intend this report solely for the information and use of management, the Board of Commissioners, and others within the Park District. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

August 25, 2011

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Significant Deficiency – Accountability for Donations

The Park District should have procedures and controls in place to help assure accountability over donations. The Park District received donations in 2010 and 2009, in the amount of \$715 and \$820, respectively. However, no documentation or other evidence was maintained to support the recorded donations.

Failure to maintain supporting documentation increased the risk that errors and/or irregularities could occur and not be detected in a timely manner. Public knowledge of such errors and/or irregularities may impact the amount of donations received by the Park District.

The Park District Commissioners should adopt and implement a policy to provide for the completeness and accuracy of donations. The policy should include but not be limited to maintaining a copy of the check from each donation and issuing a duplicate and pre-numbered receipt to the donor. Additionally, if the donation is paid in cash ask for a signature on the duplicate receipt issued to the donor. Finally, all donations should be reported to the Board and documented in the minutes.

OFFICIALS RESPONSE:

All donations or money received are deposited. The Donator or Payer are sent or given a receipt. In the bank ledger book this is recorded along with their home. It is not feasible to copy as we have no copier or computer.

FINDING NUMBER 2010-02

Noncompliance Citation

Ohio Rev. Code. Section 117.38 states, in part, that cash-basis entities must file an annual report with the Auditor of State within 60 days of the fiscal year end. Any public office which does not file the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Park District did not file the 2010 and 2009 annual reports. In addition, a notice was not published in a local newspaper stating that either the 2010 or 2009 annual report was available for inspection.

The Park District should develop a reminder system to help assure that the annual reports are filed with the Auditor of State and the notification of the availability of these reports is published in a local news paper.

OFFICIALS RESPONSE:

We will do this at the end of 2011. The Park District has one place to post it in the community building.

FINDING NUMBER 2010-03

Noncompliance Citation

The Park District as a legally separate entity established under Ohio Rev Code 1545, has not followed the applicable Ohio Revised Code sections pertaining to budgetary requirements as follows:

Ohio Rev. Code Section 5705.28(B)(2)(a) states that the taxing authority of a taxing unit that does not levy a tax is not required to adopt a tax budget pursuant to division (A) of this section. Instead, on or before the fifteenth day of July each year, such taxing authority shall adopt an operating budget for the taxing unit for the ensuing fiscal year. The operating budget shall include an estimate of receipts from all sources, a statement of all taxing unit expenses that are anticipated to occur, and the amount required for debt charges during the fiscal year. The operating budget is not required to be filed with the county auditor or the county budget commission; **(b)** except for this section and sections 5705.36, 5705.38, 5705.40, 5705.41, 5705.43, 5705.44, and 5705.45 of the Revised Code, a taxing unit that does not levy a tax is not a taxing unit for purposes of Chapter 5705 of the Revised Code, and documents prepared in accordance with such sections are not required to be filed with the county auditor or county budget commission.

Ohio Rev. Code Section 5705.36(A)(1) states, in part, that on or about the first day of each fiscal year the fiscal officer shall prepare a certificate of the total amount from each fund set up in the tax budget which is available for expenditure in the tax budget along with any encumbered balances that existed at the end of the preceding year with a few certain exceptions.

Ohio Rev. Code Section 5705.38(A) states that on or about the first day of each year, the Board shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the entity until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed.

Ohio Rev. Code Section 5705.40 stipulates that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation.

Ohio Rev. Code Section 5705.41 states that no subdivision or taxing unit shall: (A) Make any appropriation of money except as provided in Chapter 5705. of the Revised Code; (B) Make any expenditure of money unless it has been appropriated as provided in such chapter; and (C) Make any expenditure of money except by a proper warrant drawn against an appropriate fund.

The Park District should implement procedures to follow the budgetary requirements of the Ohio Revised Code to provide for proper budgetary controls. These documents should be completed, and Board approval documented within the minutes.

OFFICIALS RESPONSE:

Since this is all new to me, I wasn't aware of all these requirements. We will try to correct this.

FINDING NUMBER 2010-04

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) 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 subdivision can authorize the drawing of a warrant for the payment of the amount due. The subdivision 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 subdivision.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account over a period not running beyond the end of the 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.
3. **Super Blanket Certificate** – The subdivision 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 one line item appropriation.

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.

During 2010 and 2009, the Park District did not certify the availability of funds for any transactions. Failure to properly obtain certification of the availability of funds can result in overspending and a possible negative fund cash balance.

**FINDING NUMBER 2010-04
(Continued)**

To improve controls over disbursements, to help reduce the possibility of the Park District's funds exceeding budgetary spending limitations, and to reduce financial reporting errors, the Fiscal Officer should certify that the funds are or will be available prior to the obligation by the Park District. When prior certification is not possible, "then and now" certification should be used. A review should be performed periodically to help assure that outstanding obligations have been certified and recorded in the budgetary accounting system and on the year-end financial statements.

OFFICIALS RESPONSE: Another item that we will try to correct after someone explains this to me.

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2008-001	Ohio Rev. Code Sections 5705.28(B)(2)(a), 5705.36(A)(1), and 5705.38(A); Budgetary Requirements	No	Repeated as Finding 2010-03
2008-002	Ohio Rev. Code Section 5705.41(D); Prior Certification of Obligations	No	Repeated as Finding 2010-04
2008-003	Ohio Rev. Code Section 117.38; Filing of Annual Report	No	Repeated as Finding 2010-02

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JACKSON TOWNSHIP PARK DISTRICT

ALLEN 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 4, 2011