



Dave Yost • Auditor of State

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of cash balances, receipts, and disbursements by fund type, and related notes of Jennings Township, Van Wert County, Ohio (the Township) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Basis for Adverse Opinion on Regulatory Basis of Accounting

During the prior audit years of 2007 and 2006, the Township charged Trustees' salaries, related taxes and retirement (OPERS) to the Gasoline Tax, Road and Bridge and Motor Vehicle License Tax fund without required supportive documentation, which is a violation against Ohio Revised Code Section 505.24(C) and Ohio Attorney General Opinion 2004-036 and did not make those adjustments to the financial statements nor to their accounting records. The General fund balance was overstated by \$31,756 and therefore the Special Revenue fund balances were understated by \$31,756.

Opinion on Regulatory Basis of Accounting

In our opinion, because of the effects of the matter discussed in the *Basis for Adverse Opinion on Regulatory Basis of Accounting*, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of the General and Special Revenue Funds of Jennings Township, Van Wert County, as of December 31, 2015 and 2014 and their combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Capital Project Funds and Private Purpose Trust Funds of Jennings Township, Van Wert County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2017, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 6, 2017

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**JENNINGS TOWNSHIP
VAN WERT COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$31,949	\$52,584		\$84,533
Licenses, Permits and Fees		2,400		2,400
Intergovernmental	27,106	104,597		131,703
Earnings on Investments	12	7	\$1	20
Miscellaneous	337	476	5,598	6,411
<i>Total Cash Receipts</i>	<u>59,404</u>	<u>160,064</u>	<u>5,599</u>	<u>225,067</u>
Cash Disbursements				
Current:				
General Government	20,569	5,493		26,062
Public Safety		15,000		15,000
Public Works	4,800	121,581		126,381
Health	10,977	4,338		15,315
<i>Total Cash Disbursements</i>	<u>36,346</u>	<u>146,412</u>		<u>182,758</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>23,058</u>	<u>13,652</u>	<u>5,599</u>	<u>42,309</u>
Other Financing Receipts				
Transfers In		600		600
Transfers Out	(600)			(600)
<i>Total Other Financing Receipts</i>	<u>(600)</u>	<u>600</u>		
<i>Net Change in Fund Cash Balances</i>	22,458	14,252	5,599	42,309
<i>Fund Cash Balances, January 1</i>	<u>7,937</u>	<u>138,704</u>	<u>10,772</u>	<u>157,413</u>
Fund Cash Balances, December 31				
Restricted		120,101	16,371	136,472
Committed		32,855		32,855
Assigned	21,223			21,223
Unassigned	9,172			9,172
<i>Fund Cash Balances, December 31</i>	<u>\$30,395</u>	<u>\$152,956</u>	<u>\$16,371</u>	<u>\$199,722</u>

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

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

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

	Fiduciary Fund
	Private Purpose Trust
Operating Cash Receipts:	
Earnings on Investments (trust funds only)	\$8
Total Operating Cash Receipts	8
Net Change in Fund Cash Balances	8
Fund Cash Balances, January 1	833
Fund Cash Balances, December 31	\$841

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

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$9,289	\$51,969		\$61,258
Licenses, Permits and Fees		2,350		2,350
Intergovernmental	10,869	103,893	\$33,333	148,095
Earnings on Investments	11	7	1	19
Miscellaneous	410	3,077	3,035	6,522
<i>Total Cash Receipts</i>	<u>20,579</u>	<u>161,296</u>	<u>36,369</u>	<u>218,244</u>
Cash Disbursements				
Current:				
General Government	19,962	10,141		30,103
Public Safety		15,000		15,000
Public Works	254	144,356		144,610
Health	11,204	4,078		15,282
Capital Outlay			33,333	33,333
<i>Total Cash Disbursements</i>	<u>31,420</u>	<u>173,575</u>	<u>33,333</u>	<u>238,328</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(10,841)</u>	<u>(12,279)</u>	<u>3,036</u>	<u>(20,084)</u>
<i>Fund Cash Balances, January 1</i>	<u>18,778</u>	<u>150,983</u>	<u>\$7,736</u>	<u>177,497</u>
Fund Cash Balances, December 31				
Restricted		114,095	10,772	124,867
Committed		24,609		24,609
Assigned	7,855			7,855
Unassigned	82			82
<i>Fund Cash Balances, December 31</i>	<u>\$7,937</u>	<u>\$138,704</u>	<u>\$10,772</u>	<u>\$157,413</u>

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

JENNINGS TOWNSHIP
VAN WERT COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Fiduciary Fund</u>
	<u>Private Purpose Trust</u>
Operating Cash Receipts:	
Earnings on Investments (trust funds only)	\$8
Total Operating Cash Receipts	<u>8</u>
Net Change in Fund Cash Balances	8
Fund Cash Balances, January 1	<u>825</u>
Fund Cash Balances, December 31	<u><u>\$833</u></u>

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

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 Jennings Township, Van Wert 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, fire protection and emergency medical services. The Township contracts with the Village of Middle Point to provide fire services and the Spencerville Invincible Fire Department and the Spencerville Ambulance Service to provide ambulance services.

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

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

C. Deposits and Investments

The Township maintains all of its funds in an interest bearing checking account and U.S. Saving Bonds.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(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.

3. Capital Project Funds

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

Issue II Fund - The Township received a grant from the State of Ohio to replace a culvert on Any Avenue.

4. Fiduciary Funds

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

The Township's private purpose trust funds are for the benefit of Morgan and Lewis Trust and Endowment. These are nonexpendable trusts that maintained amounts donated in perpetuity.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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. 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 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 canceled, and re-appropriated in the subsequent year.

A summary of 2014 and 2015 budgetary activity appears in Note 3.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand deposits	\$200,063	\$157,746
Savings Bond	500	500
Total deposits	\$200,563	\$158,246

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township; or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,700	\$59,404	\$18,704
Special Revenue	158,606	160,664	2,058
Capital Projects	7,745	5,599	(2,146)
Fiduciary	5	8	3
Total	\$207,056	\$225,675	\$18,619

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$48,555	\$36,946	\$11,609
Special Revenue	234,669	146,412	88,257
Capital Projects	14,300	0	14,300
Fiduciary	188	0	188
Total	\$297,712	\$183,358	\$114,354

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,717	\$20,579	\$1,862
Special Revenue	159,168	161,296	2,128
Capital Projects	36,879	36,369	(510)
Fiduciary	10	8	(2)
Total	\$214,774	\$218,252	\$3,478

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,954	\$31,420	\$6,534
Special Revenue	253,097	173,575	79,522
Capital Projects	44,333	33,333	11,000
Fiduciary	188	0	188
Total	\$335,572	\$238,328	\$97,244

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.

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

5. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

6. POST-EMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined postemployment plan, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



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INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Jennings Township, Van Wert County, Ohio (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2017, wherein we noted the Township failed to post prior audit adjustments to the beginning balances. We also noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 6, 2017

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Allocation of Township Trustees Salary – Noncompliance / Material Weakness / Finding for Adjustment

Ohio Revised Code Section 505.24(D) sets forth the method by which township trustees' compensation should be allocated. This section is amplified by Ohio Attorney General (OAG) Opinion 2004-036. This Section requires that compensation of a township trustee must be paid from the Township General Fund or from such other restricted township funds, in such proportions based on the amount of time spent on matters related to the services rendered. In addition, OAG Opinion 2004-036 indicates trustees should establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustee's document all time spent on township business and the type of service(s) performed, in a manner similar to trustee's paid salary compensation. If trustees do not document their time, then no part of salaries may be paid from these other funds. The requirements of Ohio Rev. Code Section 505.24(C) were noted in a prior audit report for Jennings Township for the years ended December 31, 2007 and 2006.

During a prior audit of years 2007 and 2006, the Township charged Trustees' salaries, related taxes and retirement (OPERS) to the Gasoline Tax Fund in the amount of \$10,156, Road and Bridge Fund in the amount of \$10,060, and Motor Vehicle License Tax Fund in the amount of \$11,540 without required supportive documentation and did not make these adjustments to its financial statements nor the Uniform Accounting Network (UAN) system. In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund for \$31,756 and in favor of the Motor Vehicle License Tax Fund for \$11,540, Gasoline Tax Fund for \$10,156, and Road and Bridge Fund for \$10,060.

The Township failed to record the December 31, 2007 adjustments required to properly reflect these salaries, related taxes and OPERS amounts to the December 31, 2013 ending balances (January 1, 2014 Beginning Balance). The January 1, 2014 balances should have been adjusted and presented as follows:

Fund	December 31, 2013		January 1, 2014
	Ending Balance	Adjustments	Beginning Balance
General Fund	\$18,778	(\$31,756)	(\$12,978)
Motor Vehicle License Tax Fund	10,343	11,540	21,883
Gas Tax Fund	49,408	10,156	59,564
Road and Bridge Fund	30,320	10,060	40,380
Totals	\$108,849	\$0	\$108,849

If the Township had recorded the above adjustments, the effect on the December 31, 2015 and 2014 financial statements would be to decrease the General Fund balance and increase the balance of the Motor Vehicle License Tax, Gas Tax, and Road and Bridge funds by the adjustment amounts above.

Officials' Response

We did not receive a response from Officials to this finding.

FINDING NUMBER 2015-002

Classification of Financial Activity – Material Weakness

The Township posted all transactions to the cash journal and revenue ledger; however, not all transactions were posted to the correct accounts and/or funds. The chart of accounts is available to use for posting revenue activity and fund balances 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 2015 and 2014:

- Real Property Rollback receipts were classified as Tax Revenue instead of Intergovernmental Revenues in the General Fund and Road and Bridge fund. The following adjustments were posted to the financial statements: in 2015, Intergovernmental Revenue was increased by \$4,324 in the General Fund, and \$3,825 in the Road and Bridge Fund, and Tax Revenue was decreased by the same in both funds. In 2014, Intergovernmental Revenue was increased by \$4,220 in the Road and Bridge Fund and Tax Revenue was decreased by the same in that fund.
- In 2015, interest Revenue was improperly recorded in the General Fund and Permanent Fund rather than in the Morgan Endowment Fund (Private Purpose Trust). This resulted in an increase of \$8 to Investment Earnings in the Morgan Endowment Fund, a decrease to interest earnings in the General Fund by \$4, and a decrease to the interest earnings in the Permanent Fund by \$4. The above amount has been adjusted in the Township's financial records.

Governmental Accounting Standards Board (GASB) Statement No. 54 (GASB 54 par. 16 and GASB cod. 1800.176) - *Fund Balance Reporting* establishes fund balance classifications that stipulate use of fund balances based on the extent to which a government is required to observe constraints imposed upon the use of the resources reported in governmental funds and for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The following errors were noted as a result of the School District not properly implementing GASB Statement No 54:

- In 2015 and 2014, the Township did not properly classify their fund balance in the General Fund in accordance with GASB 54 guidance. The subsequent year appropriations, for both years, exceeded estimated receipts and therefore, the difference should have been classified as assigned. As a result, the fund balance was reclassified by \$21,223 and \$7,855, respectively, from Unassigned Fund Balance to Assigned Fund Balance in the General Fund.
- In 2015 and 2014, the Township did not properly classify their fund balance in the Road and Bridge fund in accordance with GASB 54 guidance par. 8-11 and GASB cod. 1800.168-.170. The Road and Bridge fund receives revenues from a levy that is from inside millage, and therefore, should be classified as committed rather than restricted. As a result, the fund balance was reclassified by \$32,855 and \$24,609, respectively, from Restricted Fund Balance to Committed Fund Balance in the Road and Bridge Fund.

The failure to follow the guidance of the chart of accounts when coding revenue activity and the guidance per GASB 54 resulted in the material misstatement of the revenue line items and fund cash balances. Adjustments have been made to the financial statements for these items.

The Township should utilize AOS Bulletin 2011-004, and the UAN Chart of Accounts to determine which account code best represents the proper revenue line items as well as to determine the proper classification of fund balances while posting receipts and determining the proper fund classification.

Officials' Response

We did not receive a response from Officials to this finding.

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Finding for Adjustment for Improper Allocation of Trustees Salary	Not Corrected	See Finding 2015-001.
2013-002	Classification of Financial Activity	Not Corrected	See Finding 2015-002

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Dave Yost • 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
MARCH 30, 2017**