



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 and related notes of Jennings Township, Van Wert County, (the Township) as of and for the years ended December 31, 2013 and 2012.

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 opinion.

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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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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, 2013 and 2012, 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, 2013 and 2012 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, 2013 and 2012, 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 May 8, 2014, 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.



Dave Yost
Auditor of State

Columbus, Ohio

May 8, 2014

**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, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$9,284	\$56,096		\$65,380
Charges for Services		1,800		1,800
Licenses, Permits and Fees		450		450
Intergovernmental	17,590	98,340	\$363	116,293
Earnings on Investments	10	7	1	18
Miscellaneous	990	555	3,453	4,998
Total Cash Receipts	<u>27,874</u>	<u>157,248</u>	<u>3,817</u>	<u>188,939</u>
Cash Disbursements:				
Current:				
General Government	24,138	3,404		27,542
Public Safety		15,000		15,000
Public Works	2,400	116,829		119,229
Health	10,673	3,792		14,465
Capital Outlay		1,500		1,500
Total Cash Disbursements	<u>37,211</u>	<u>140,525</u>		<u>177,736</u>
Net Change in Fund Cash Balances	(9,337)	16,723	3,817	11,203
Fund Cash Balances, January 1	<u>28,115</u>	<u>134,260</u>	<u>3,919</u>	<u>166,294</u>
Fund Cash Balances, December 31:				
Restricted		120,664	7,736	128,400
Committed		30,319		30,319
Unassigned	18,778			18,778
Fund Cash Balances, December 31	<u>\$18,778</u>	<u>\$150,983</u>	<u>\$7,736</u>	<u>\$177,497</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, 2013**

	Fiduciary Fund
	Private Purpose Trust
Operating Cash Receipts:	
Earnings on Investments (trust funds only)	\$7
Total Operating Cash Receipts	7
 Net Change in Fund Cash Balances	 7
 Fund Cash Balances, January 1	 818
 Fund Cash Balances, December 31	 \$825

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, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$8,063	\$55,968		\$64,031
Intergovernmental	36,151	98,134	\$374	134,659
Earnings on Investments	9	7		16
Miscellaneous	200	4,500	3,545	8,245
Total Cash Receipts	<u>44,423</u>	<u>158,609</u>	<u>3,919</u>	<u>206,951</u>
Cash Disbursements:				
Current:				
General Government	25,926	5,930		31,856
Public Safety		14,576		14,576
Public Works		129,266		129,266
Health	9,340	4,286		13,626
Total Cash Disbursements	<u>35,266</u>	<u>154,058</u>		<u>189,324</u>
Net Change in Fund Cash Balances	9,157	4,551	3,919	17,627
Fund Cash Balances, January 1	<u>18,958</u>	<u>129,709</u>		<u>148,667</u>
Fund Cash Balances, December 31:				
Restricted		113,416	3,919	117,335
Committed		20,844		20,844
Unassigned	28,115			28,115
Fund Cash Balances, December 31	<u>\$28,115</u>	<u>\$134,260</u>	<u>\$3,919</u>	<u>\$166,294</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, 2012**

	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	 810
 Fund Cash Balances, December 31	 \$818

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, 2013 AND 2012**

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 Spencerville Ambulance Service, Inc. 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 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 maintains all of its funds in an interest bearing checking account and U.S. Savings 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.

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 Fund:

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

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 fund:

TIF Agreement with Wayne Smith - The Township began receives Tax Increment Financing monies from Wayne and Lisa Smith for the construction and repair of roads.

4. Fiduciary Funds

Fiduciary funds include private purpose trust 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 trust that maintained amounts donated in perpetuity.

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. 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 2013 and 2012 budgetary activity appears in Note 3.

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:

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Non-spendable

The Township classifies assets as *non-spendable* 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.

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:

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)

	2013	2012
Demand Deposits	\$177,822	\$166,612
Total deposits	177,822	166,612
U.S. Savings Bond	500	500
Total investments	500	500
Total deposits and investments	\$178,322	\$167,112

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: The Federal Reserve holds the Township's U.S. Savings Bond in book-entry form in the name of the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,729	\$27,874	\$5,145
Special Revenue	158,280	157,248	(1,032)
Capital Projects	3,545	3,817	272
Fiduciary	10	7	(3)
Total	\$184,564	\$188,946	\$4,382

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,329	\$37,211	\$9,118
Special Revenue	237,800	140,525	97,275
Capital Projects	7,400	7,400	7,400
Fiduciary	150	150	150
Total	\$291,679	\$177,736	\$113,943

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,756	\$44,423	\$20,667
Special Revenue	157,512	158,609	1,097
Capital Projects	3,541	3,919	378
Fiduciary	10	8	(2)
Total	\$184,819	\$206,959	\$22,140

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,446	\$35,266	\$7,180
Special Revenue	235,908	154,058	81,850
Capital Projects	3,284	3,284	3,284
Total	\$281,638	\$189,324	\$92,314

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

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.

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

5. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. 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 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

6. 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 Jennings Township, Van Wert County, (the Township) as of and for the year ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated May 8, 2014 wherein we noted the Township failed to post prior year 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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a 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. We consider findings 2013-001 and 2013-002 described in the accompanying schedule of findings 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 2013-001.

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.

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

May 8, 2014

**JENNINGS TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Allocation of Township Trustees Salary – Noncompliance / Material Weakness

Ohio Revised Code Section 505.24(C) 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 505.24(C) were noted in the prior audit report for Jennings Township for the years ended December 31, 2007 and 2006.

During the 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, 2011 ending balances (January 1, 2012 Beginning Balance). The January 1, 2012 balances should have been adjusted and presented as follows:

Fund	December 31, 2011 Ending Balance	Adjustments	January 1, 2012 Beginning Balance
General Fund	\$18,958	(\$31,756)	(\$12,798)
Motor Vehicle License Tax Fund	7,738	11,540	19,278
Gas Tax Fund	58,139	10,156	68,295
Road and Bridge Fund	18,212	10,060	28,272
Totals	\$103,047	\$0	\$103,047

If the Township had recorded the above adjustments, the effect on the December 31, 2013 and 2012 financial statements, would be to decrease the General Fund balance and increase the balance of the Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge funds by the adjustment amounts above.

FINDING NUMBER 2013-002

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. The chart of accounts is to be used for posting revenue activity and fund type activity as 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 2013 and 2012:

- Real Estate Taxes were classified as intergovernmental in the General Fund in 2012 in the amount of \$8,044, rather than property taxes. This amount was adjusted on the financial statements.
- Tax Increment Financing Rollback Revenues were classified as Miscellaneous Revenue instead of Intergovernmental Revenues, in the TIF Agreement Capital Projects Fund in 2013 and 2012, in the amounts of \$363 and \$374, respectively. These amounts were adjusted on the financial statements.
- The Morgan and Lewis Endowment Funds are prohibited for use on general operating activities, and are meant to care for a certain gravesite; therefore these funds should be classified as a Private Purpose Trust Fund, but was classified as a Permanent Fund. Adjustments were made to the financial statements to report the fund balances and activities for the Morgan and Lewis Endowment Fund as a Private Purpose Trust Fund, instead of a Permanent Fund for 2013 and 2012.

The failure to follow the chart of accounts when coding revenue activity resulted in the material misstatement of the revenue line items in various fund and the classification of the endowment funds. The accompanying financial statements include the adjustment to properly state the Township's revenue activity and fund classification for 2013 and 2012.

The Township should utilize AOS Bulletin 2010-003 and the UAN Chart of Accounts to determine which account code best represents the proper revenue line items while posting receipts and determining the proper fund classification.

Official's Response

We did not receive a response from Officials to the findings reported above.

JENNINGS TOWNSHIP
VAN WERT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2011-01	Allocation of Township Trustees Salary	No	Not Corrected; Repeated as Finding #2013-001

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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
JULY 01, 2014**