

**JENNINGS TOWNSHIP**  
VAN WERT COUNTY, OHIO

**Financial Statements**

**For the Years Ended  
December 31, 2019 and 2018**





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(800) 282-0370

Board of Trustees  
Jennings Township  
17980 SR 81  
Spencerville, Ohio 45887

We have reviewed the *Independent Auditor's Report* of Jennings Township, Van Wert County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Jennings Township is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

October 12, 2020

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**JENNINGS TOWNSHIP  
VAN WERT COUNTY**

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**Independent Auditor's Report**

Jennings Township  
Van Wert County  
17980 SR 81  
Spencerville, Ohio 45887

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Jennings Township, Van Wert County, Ohio, as of and for the years ended December 31, 2019 and 2018.

***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 Jennings 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 Jennings Township's internal control. Accordingly, we express no such 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 2 of the financial statements, the Jennings 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 Jennings 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 opinions on this accounting basis is in the *Additional Adverse Opinion on Regulatory Basis of Accounting* and the *Unmodified Opinions* paragraphs 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 Additional 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 Jennings Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Basis for Additional Adverse Opinion on Regulatory Basis of Accounting***

During 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 funds without required supportive documentation, which is a violation against Ohio Revised Code Section 505.24(D) 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.

***Additional Adverse Opinion on Regulatory Basis of Accounting***

In our opinion, because of the significance of the matter discussed in the *Basis for Additional Adverse Opinion on Regulatory Basis of Accounting*, the financial statements referred to above do not present fairly, in all material respects, the cash balances, receipts and disbursements of the General and Special Revenue funds of Jennings Township, Van Wert County, as of December 31, 2019 and 2018 and 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 2.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the Capital Projects and Private Purpose Trust funds, and related notes of Jennings Township, Van Wert County, as of December 31, 2019 and 2018, and 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 2.

***Emphasis of Matter***

As discussed in Note 11 to the financial statement for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of Jennings Township. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2020, on our consideration of the Jennings 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 Jennings Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
May 15, 2020



**Jennings Township**  
*Van Wert County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$27,574	\$46,581	\$0	\$74,155
Licenses, Permits and Fees	0	4,350	0	4,350
Intergovernmental	23,512	128,027	1,455	152,994
Miscellaneous	244	6,137	13,092	19,473
<i>Total Cash Receipts</i>	<u>51,330</u>	<u>185,095</u>	<u>14,547</u>	<u>250,972</u>
<b>Cash Disbursements</b>				
Current:				
General Government	29,221	2,885	0	32,106
Public Safety	0	18,850	0	18,850
Public Works	0	61,843	0	61,843
Health	14,239	3,702	0	17,941
Capital Outlay	0	33,012	0	33,012
Debt Service:				
Principal Retirement	0	10,429	4,999	15,428
<i>Total Cash Disbursements</i>	<u>43,460</u>	<u>130,721</u>	<u>4,999</u>	<u>179,180</u>
<i>Net Change in Fund Cash Balances</i>	7,870	54,374	9,548	71,792
<i>Fund Cash Balances, January 1</i>	<u>59,743</u>	<u>202,425</u>	<u>53,370</u>	<u>315,538</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	218,957	62,918	281,875
Committed	0	37,842	0	37,842
Assigned	58,275	0	0	58,275
Unassigned (Deficit)	9,338	0	0	9,338
<i>Fund Cash Balances, December 31</i>	<u>\$67,613</u>	<u>\$256,799</u>	<u>\$62,918</u>	<u>\$387,330</u>

See accompanying notes to the basic financial statements

**Jennings Township**  
*Van Wert County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Private Purpose Trust Funds*  
*For the Year Ended December 31, 2019*

	Fiduciary Fund Type
	Private Purpose Trust Funds
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$ 4
<i>Total Operating Cash Receipts</i>	4
<i>Net Change in Fund Cash Balances</i>	4
<i>Fund Cash Balances, January 1</i>	858
<i>Fund Cash Balances, December 31</i>	\$ 862

See accompanying notes to the basic financial statements

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Jennings Township, Van Wert County as a body of 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. Jennings Township contracts with the Village of Middle Point and Spencerville Invincible Fire Department to provide fire services and Spencerville Ambulance Service and the Village of Middle Point to provide ambulance services.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursement and changes in fund balances (regulatory cash basis) for fiduciary fund type which are organized on a fund type basis.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits provided in 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 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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits provided in Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

**C. Deposit and Investments**

The Township maintains all of its funds in an interest bearing checking account, a savings account, and a U.S. Savings Bonds (Donated).

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies it 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.

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

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**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:

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

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

**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 Capital Projects Funds.

**TIF Agreements:** The Township receives Tax Increment Financing monies from Wayne and Lisa Smith, Jeff and Alan Ricker (swine and turkeys), and KLR Farms and Pine Valley Ranch. This money is used 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 has private purpose trust funds for the benefit of Morgan and Lewis Trust and Endowment. These monies benefit individuals.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (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.

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

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**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled and re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 9.

**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. Non-spendable**

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 the commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligation 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 use 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.

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

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

**G. Property and Equipment**

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

**3. 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, 2019 was as follows:

Deposits	\$ 387,692
(Donated) Investment: Series Bond	<u>500</u>
Total Deposits and Investments	<u>\$ 388,192</u>

Deposits - Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

**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 rate 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.

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

**5. RETIREMENT SYSTEM**

The Township's 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 2019, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participant's gross salaries. The Township has paid all contributions required through December 31, 2019.

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

**6. RISK MANAGEMENT**

The Township obtains commercial insurance through V.S. Beck Insurance. The insurance covers comprehensive property and general liability, vehicles, errors and omissions risks.

Workers' compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per 100% of salaries. This rate is calculated based on accident history and administrative costs.

**7. DEBT**

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC	\$ 50,000	0%

During 2018, the Township entered into a loan with Ohio Public Works Commission (OPWC) for the Ohio City – Venedocia Road reconstruction. Amortization of the above debt, is scheduled as follows:

<u>Year Ended</u>	<u>Principal</u>
2020	\$ 3,272
2021	3,272
2022	3,272
2023	3,272
2024	3,272
2025 - 2029	16,360
2030 - 2034	16,360
2035	<u>920</u>
Total	<u>\$ 50,000</u>

**8. MISCELLANEOUS RECEIPTS**

Miscellaneous receipts in the Capital Projects Funds consist of monies received as payment in lieu of taxes related to Township TIF agreements.

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

**9. BUDGETARY ACTIVITY**

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,900	\$51,330	\$11,430
Special Revenue	152,665	185,095	32,430
Capital Projects	14,293	14,547	254
Fiduciary	5	4	(1)
Total	\$206,863	\$250,976	\$44,113

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,621	\$43,460	\$54,161
Special Revenue	276,057	130,721	145,336
Capital Projects	60,800	4,999	55,801
Fiduciary	188	0	188
Total	\$434,666	\$179,180	\$255,486

**10. POSTEMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**11. SUBSEQUENT EVENT**

The United States of America and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing measures will impact subsequent periods of the Township. The impact on the Township's future resources and obligations cannot be estimated.



**Jennings Township**  
*Van Wert County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$27,800	\$46,992	\$0	\$74,792
Licenses, Permits and Fees	0	2,800	0	2,800
Intergovernmental	22,805	109,207	40,176	172,188
Earnings on Investments	38	17	9	64
Miscellaneous	599	9,954	12,838	23,391
<i>Total Cash Receipts</i>	<u>51,242</u>	<u>168,970</u>	<u>53,023</u>	<u>273,235</u>
<b>Cash Disbursements</b>				
Current:				
General Government	31,647	5,519	0	37,166
Public Safety	0	18,300	0	18,300
Public Works	0	65,738	0	65,738
Health	14,307	3,725	0	18,032
Capital Outlay	0	74,535	104,179	178,714
<i>Total Cash Disbursements</i>	<u>45,954</u>	<u>167,817</u>	<u>104,179</u>	<u>317,950</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,288</u>	<u>1,153</u>	<u>(51,156)</u>	<u>(44,715)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Proceeds of Notes	0	0	65,429	65,429
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>65,429</u>	<u>65,429</u>
<i>Net Change in Fund Cash Balances</i>	5,288	1,153	14,273	20,714
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>54,455</u>	<u>201,272</u>	<u>39,097</u>	<u>294,824</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	151,031	53,370	204,401
Committed	0	51,394	0	51,394
Assigned	57,721	0	0	57,721
Unassigned (Deficit)	2,022	0	0	2,022
<i>Fund Cash Balances, December 31</i>	<u>\$59,743</u>	<u>\$202,425</u>	<u>\$53,370</u>	<u>\$315,538</u>

See accompanying notes to the basic financial statements

**Jennings Township**  
*Van Wert County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2018*

	Fiduciary Fund Type
	Total Private Purpose Trust Funds
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$ 7
<i>Net Change in Fund Cash Balances</i>	7
<i>Fund Cash Balances, January 1</i>	851
<i>Fund Cash Balances, December 31</i>	\$ 858

See accompanying notes to the basic financial statements

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

---

**1. REPORTING ENTITY**

**Description of the Entity**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

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**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits provided in 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 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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits provided in Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

**C. Deposit and Investments**

The Township maintains all of its funds in an interest bearing checking account, a savings account, and a U.S. Savings Bonds (Donated).

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies it 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.

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(CONTINUED)

---

**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.

**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 Capital Projects Funds.

**TIF Agreements:** The Township receives Tax Increment Financing monies from Wayne and Lisa Smith, Jeff and Alan Ricker (swine and turkeys), and KLR Farms and Pine Valley Ranch. This money is used 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 has private purpose trust funds for the benefit of Morgan and Lewis Trust and Endowment. These monies benefit individuals.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (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 cancelled and re-appropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 10.

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(CONTINUED)

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**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. Non-spendable**

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 the commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligation 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 used established by Township Trustees or a Township official delegated that authority by resolution, or by State Statue.

**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 amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property and Equipment**

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

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(CONTINUED)

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**3. 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, 2018 was as follows:

Deposits	\$ 315,896
(Donated) Investment: Series Bond	<u>500</u>
 Total Deposits and Investments	 <u>\$ 316,396</u>

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

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

**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 rate 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.

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

**5. RETIREMENT SYSTEM**

The Township's 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 2018, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participant's gross salaries. The Township has paid all contributions required through December 31, 2018.

**6. RISK MANAGEMENT**

The Township obtains commercial insurance through V.S. Beck Insurance. The insurance covers comprehensive property and general liability, vehicles, errors and omissions risks.

Workers' compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per 100% of salaries. This rate is calculated based on accident history and administrative costs.

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(CONTINUED)

**7. DEBT**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC	\$ 65,429	0%

During 2018, the Township entered into a loan with Ohio Public Works Commission (OPWC) for the Ohio City – Venedocia Road reconstruction. Amortization of the above debt, is scheduled as follows:

<u>Year Ended</u>	<u>Principal</u>
2019	\$ 1,636
2020	3,272
2021	3,272
2022	3,272
2023	3,272
2024 - 2028	16,360
2029 - 2033	16,360
2034 - 2038	16,360
2039	1,625
Total	\$ 65,429

**8. RESTATEMENT OF FUND BALANCES**

Certain fund balances were restated due to the correction of a prior year receipt and the voiding of a prior year old outstanding check.

**9. MISCELLANEOUS RECEIPTS**

Miscellaneous receipts in the Capital Projects Funds consists of monies received as payment in lieu of taxes related to Township TIF agreements.

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(CONTINUED)

**10. BUDGETARY ACTIVITY**

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,900	\$51,242	\$11,342
Special Revenue	154,156	168,970	14,814
Capital Projects	187,232	118,452	(68,780)
Fiduciary	0	7	7
Total	\$381,288	\$338,671	(\$42,617)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$94,017	\$45,954	\$48,063
Special Revenue	283,491	167,817	115,674
Capital Projects	217,450	104,179	113,271
Fiduciary	189	0	189
Total	\$595,147	\$317,950	\$277,197

**11. POSTEMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.



**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  
17980 SR 81  
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 the Jennings Township, Van Wert County, Ohio, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2020, wherein we noted the Jennings Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also issued an adverse opinion due to the Township failing to post prior audit adjustments to the financial statements. Furthermore, as discussed in Note 11 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Jennings 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 Jennings 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 Jennings 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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Jennings 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Jennings Township's Response to Finding***

The Jennings Township's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not subject the Jennings Township's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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 Jennings Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Jennings Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
May 15, 2020

**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2019-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and citizens with objective and timely information to enable well-informed decisions.

Certain adjustments were made to the financial statements and related notes, to properly state financial statement amounts, and properly report relevant disclosures.

The audited financial statements and Township records have been adjusted for the misstatements identified during the audit.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the Township consult with their auditors, the Auditor of State and/or Ohio Township Association to help ensure accurate financial reporting.

Client Response: The Fiscal Officer will work to continue to accurate year end financial statements and notes. The Township will explore additional procedures to assist with the year end financial statement and notes presentations submitted to Hinkle.

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**JENNINGS TOWNSHIP  
VAN WERT COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	2007	<u>Noncompliance/Material Weakness/Finding for Adjustment - Allocation of Trustees Salary</u> - During 2007 and 2006, the Township did not allocate Trustees salaries as required by supporting documentation.	Not Corrected	The Township plans to start paying back the adjustment amounts over future years.
2017-002	2013	<u>Material Weakness - Financial Statement Presentation</u> - Accurate financial reporting is required in order to provide management and citizens with objective and timely information to enable well-informed decisions. Certain adjustments were made to the financial statements and related notes, for the year ended December 31, 2017.	Not Corrected	Finding repeated as 2019-001 as adjustments were posted to the financial statements and related notes.

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# OHIO AUDITOR OF STATE KEITH FABER



**JENNINGS TOWNSHIP**

**VAN WERT COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 10/20/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)