

JASPER TOWNSHIP

FAYETTE COUNTY

REGULAR AUDIT

January 1, 2010 to December 31, 2011

Years Audited Under GAGAS: 2011 and 2010



CAUDILL & ASSOCIATES, CPA

725 5th Street Portsmouth, OH 45662

P: 740.353.5171 | F: 740.353.3749

www.caudillcpa.com



Dave Yost • Auditor of State

Board of Trustees
Jasper Township
7790 State Route 729 N.W.
Washington Court House, Ohio 43160

We have reviewed the *Independent Auditors' Report* of Jasper Township, Fayette County, prepared by Caudill & Associates, CPAs, for the audit period January 1, 2010 through December 31, 2011. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Noncompliance - Finding for Recovery Repaid Under Audit

Ohio Rev. Code Section 507.09(A)(5) provides that in a township having a budget of more than \$500,000 but not more than \$750,000, the compensation of the Township Fiscal Officer shall be \$14,147 per year.

Jasper Township's budget in 2010 and 2011 was between \$500,001 and \$750,000 thus the fiscal officer was to be paid \$14,147.

Jasper Township's Fiscal Officer mistakenly used the incorrect amount when calculating the fiscal officer's salary. Consequently, the Fiscal Officer Carol Langley received compensation in the amount of \$16,977 in 2010 and \$16,977 in 2011 resulting in an overpayment of \$5,660.

2010 & 2011 Total Amount Paid (\$16,977 + \$16,977)	\$33,954
2010 & 2011 Maximum Statutory Compensation (\$14,147 + \$14,147)	\$28,294
Total Overpayment	\$5,660

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Township Fiscal Officer Carol Langley and her bonding company, Travelers Casualty and Surety Company of America, in the amount of \$5,660, and in favor of Jasper Township's General fund in the amount of \$5,660.

When informed of these facts, Ms. Langley agreed to repay the Township. She repaid this amount to the Township on January 16, 2013.

Finding for Recovery

Ohio Rev. Code Section 505.24(A)(5) provides that in a township having a budget of more than \$500,001 but not more than \$750,000, the compensation of the Township Trustee shall be \$45.02 per day for not more than two hundred days.

Jasper Township's budget in 2010 and 2011 was between \$500,001 and \$750,000 which entitled the Trustees to be paid an annual salary of \$9,004 (\$45.02 x 200 days).

In 2010 and 2011, Jasper Township's Fiscal Officer mistakenly used the incorrect amount when calculating township trustee salaries. Consequently, Township Trustee Glenn Rankin received compensation in the amount of \$10,288.26 in 2010 and \$10,287.96 in 2011 resulting in an overpayment of \$2,568.22.

2010 & 2011 Total Amount Paid (\$10,288.26 + \$10,287.96)	\$20,576.22
2010 & 2011 Maximum Statutory Compensation (\$9,004+\$9,004)	\$18,008.00
Total Overpayment	\$2,568.22

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Township Trustee Glenn Rankin and his bonding company, Ohio Township Association Risk Management Authority, in the amount of \$2,568, and in favor of Jasper Township's General fund in the amount of \$603, the Motor Vehicle License fund in the amount of \$565, and the Gas fund in the amount of \$1,400.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Fiscal Officer Carol Langley signed the warrants resulting in the improper payments, therefore she and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable in the amount of \$2,568, and in favor of Jasper Township's General fund in the amount of \$603, the Motor Vehicle License fund in the amount of \$565, and the Gas fund in the amount of \$1,400 to the extent that recovery is not obtained from Glenn Rankin.

Finding for Recovery

Ohio Rev. Code Section 505.24(A)(5) provides that in a township having a budget of more than \$500,001 but not more than \$750,000, the compensation of the Township Trustee shall be \$45.02 per day for not more than two hundred days.

Jasper Township's budget in 2010 and 2011 was between \$500,001 and \$750,000 which entitled the Trustees to be paid an annual salary of \$9,004 (\$45.02 x 200 days).

In 2010 and 2011, Jasper Township's Fiscal Officer mistakenly used the incorrect amount when calculating township trustee salaries. Consequently, Township Trustee Jackie Pursley received compensation in the amount of \$10,287.96 in 2010 and \$10,287.96 in 2011 resulting in an overpayment of \$2,567.92.

2010 & 2011 Total Amount Paid (\$10,287.96 + \$10,287.96)	\$20,575.92
2010 & 2011 Maximum Statutory Compensation (\$9,004+\$9,004)	\$18,008.00
Total Overpayment	\$2,567.92

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Township Trustee Jackie Pursley and her bonding company, Ohio Township Association Risk Management Authority, in the amount of \$2,567, and in favor of Jasper Township's General fund in the amount of \$603, the Motor Vehicle License fund in the amount of \$629, and the Gas fund in the amount of \$1,335.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Fiscal Officer Carol Langley signed the warrants resulting in the improper payments, therefore she and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable in the amount of \$2,567, and in favor of Jasper Township's General fund in the amount of \$603, the Motor Vehicle License fund in the amount of \$629, and the Gas fund in the amount of \$1,335 to the extent that recovery is not obtained from Jackie Pursley.

Finding for Recovery

Ohio Rev. Code Section 505.24(A)(5) provides that in a township having a budget of more than \$500,001 but not more than \$750,000, the compensation of the Township Trustee shall be \$45.02 per day for not more than two hundred days.

Jasper Township's budget in 2010 and 2011 was between \$500,001 and \$750,000 which entitled the Trustees to be paid an annual salary of \$9,004 (\$45.02 x 200 days).

In 2010 and 2011, Jasper Township's Fiscal Officer mistakenly used the incorrect amount when calculating township trustee salaries. Consequently, Township Trustee Richard Anders received compensation in the amount of \$10,287.96 in 2010 and \$10,287.96 in 2011 resulting in an overpayment of \$2,567.92.

2010 & 2011 Total Amount Paid (\$10,287.96 + \$10,287.96)	\$20,575.92
2010 & 2011 Maximum Statutory Compensation (\$9,004 + 9,004)	\$18,008.00
Total Overpayment	\$2,567.92

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Township Trustee Richard Anders and his bonding company, Ohio Township Association Risk Management Authority, in the amount of \$2,567, and in favor of Jasper Township's General fund in the amount of \$590, the Motor Vehicle License fund in the amount of \$642, and the Gas fund in the amount of \$1,335.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Fiscal Officer Carol Langley signed the warrants resulting in the improper payments, therefore she and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable in the amount of \$2,567, and in favor of Jasper Township's General fund in the amount of \$590, the Motor Vehicle License fund in the amount of \$642, and the Gas fund in the amount of \$1,335 to the extent that recovery is not obtained from Richard Anders.

Board of Trustees
Jasper Township
Page -5-

Officials' Response: Jasper Township Trustees will have monthly deductions from their salary to cover the overpayments.

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. Jasper Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

November 14, 2013

This page intentionally left blank.

Jasper Township
Fayette County
Table of Contents
For the Years Ended December 31, 2011 and 2010

<u>Title</u>	<u>Page</u>
Independent Auditor's Report	1 – 2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2011	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2010	4
Notes to the Financial Statements	5 – 11
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	12 – 13
Schedule of Findings and Responses	14 - 16
Schedule of Prior Audit Findings	17

This page intentionally left blank.



Caudill & Associates, CPA

725 5th Street Portsmouth, OH 45662

P: 740.353.5171 | F: 740.353.3749

www.caudillcpa.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Jasper Township
Fayette County
7790 State Route 729 N.W.
Washington Court House, OH 43160

To the Township Board of Trustees:

We have audited the accompanying financial statements of Jasper Township, Fayette County, (the Township) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Jasper Township
Fayette County
Independent Auditor's Report

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of Jasper Township, Fayette County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 7, during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Caudill & Associates, CPA

Caudill & Associates, CPA
April 30, 2013

Jasper Township
Fayette County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year ended December 31, 2011

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 22,034	\$ 74,313	\$ 96,347
Licenses, Permits and Fees	2,607	11,582	14,189
Intergovernmental	44,459	91,692	136,151
Earnings on Investments	948	68	1,016
Miscellaneous	4	1,475	1,479
	<u>70,052</u>	<u>179,130</u>	<u>249,182</u>
Cash Disbursements:			
Current:			
General Government	55,090	2,099	57,189
Public Safety	-	5,950	5,950
Public Works	-	140,918	140,918
Health	-	15,626	15,626
Human Services	-	1,959	1,959
Capital Outlay	-	4,354	4,354
	<u>55,090</u>	<u>170,906</u>	<u>225,996</u>
Total Receipts Over/(Under) Disbursements	14,962	8,224	23,186
Fund Cash Balances, January 1	<u>258,113</u>	<u>209,539</u>	<u>467,652</u>
Fund Cash Balance, December 31			
Restricted	-	217,763	217,763
Unassigned	<u>273,075</u>	<u>-</u>	<u>273,075</u>
Fund Cash Balances, December 31	<u>\$ 273,075</u>	<u>\$ 217,763</u>	<u>\$ 490,838</u>

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

Jasper Township
Fayette County
*Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances*
All Governmental Fund Types
For the Year Ended December 31, 2010

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 12,025	\$ 41,574	\$ 53,599
Licenses, Permits and Fees	-	15,401	15,401
Intergovernmental	18,049	100,695	118,744
Earnings on Investments	364	107	471
Miscellaneous	248	7,293	7,541
	<u>30,686</u>	<u>165,070</u>	<u>195,756</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	78,354	1,014	79,368
Public Works	9,975	127,164	137,139
Health	5,770	11,184	16,954
Capital Outlay	-	5,134	5,134
Debt Service:			
Redemption of Principal	10,000	-	10,000
Interest and Fiscal Charges	697	-	697
	<u>104,796</u>	<u>144,496</u>	<u>249,292</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	(74,110)	20,574	(53,536)
Fund Cash Balances, January 1	<u>332,223</u>	<u>188,965</u>	<u>521,188</u>
Fund Cash Balances, December 31	<u>\$ 258,113</u>	<u>\$ 209,539</u>	<u>\$ 467,652</u>

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

Note 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 Jasper Township, Fayette County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees governs the Township. The Township provides general government services, including road and bridge maintenance and cemetery maintenance. The Township contracts with SRWW #2 Joint Fire District and Jefferson Township for fire protection services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. 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 adequately disclose material matters, as the Auditor of State prescribes or permits.

C. Cash Deposits

The Township invests all available funds in an interest-bearing checking account and savings account with a local commercial bank.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds account for proceeds of specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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 to pay for constructing, maintaining, and repairing Township roads.

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Cemetery Fund - This fund receives money for burials and opening and closing of graves to pay for cemetery maintenance.

Permissive Motor Vehicle License Tax Fund - This fund receives proceeds from the tax levied on all motor vehicle licenses sold in the Township for road maintenance and repairs.

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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2011 and 2010 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:

1. Nonspendable

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

2. Note 1 – Summary of Significant Accounting Policies (Continued)

3. 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.

4. 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.

5. 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.

6. 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.

F. Property, Plant, and Equipment

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

Jasper Township
Fayette County
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 – Equity in Pooled Cash and Investments

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

	2011	2010
Demand Deposits	\$490,838	\$467,652

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 36,792	\$ 70,052	\$33,260
Special Revenue	168,843	179,130	10,287
Total	\$205,635	\$249,182	\$ 43,547

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$294,906	\$ 55,090	\$239,816
Special Revenue	378,227	170,906	207,321
Total	\$673,133	\$225,996	\$447,137

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 21,457	\$ 30,686	\$9,229
Special Revenue	135,450	165,070	29,620
Total	\$156,907	\$195,756	\$38,849

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$473,629	\$104,796	\$368,833
Special Revenue	190,474	144,496	45,978
Total	\$664,103	\$249,292	\$414,811

Jasper Township
Fayette County
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 4 - Property Tax

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

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

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

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

Note 5 - Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, 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, 2011.

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Jasper Township
Fayette County
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 6 – Risk Management (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Assets	\$35,086,165	\$35,855,252
Liabilities	<u>(9,718,792)</u>	<u>(10,664,724)</u>
Net Assets	<u>\$25,367,373</u>	<u>\$25,190,528</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2011</u>	<u>2010</u>
\$2,963	\$5,949

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Jasper Township
Fayette County
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 7 - Change in Accounting Principles

For 2011, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on actual fund balances.

Note 8 – Compliance

Contrary to Ohio Revised Code Section 505.24, the Township paid Trustees from funds other than the General Fund without properly documenting time spent on work allocable to other funds.

Contrary to Ohio Revised Code Section 5705.36, the Township did not properly file amended certificates of estimated resources for the Gas Tax Fund and the Road and Bridge Fund in 2011, when deficient revenues caused available resources to fall below the current level of appropriation.

Contrary to Ohio Revised Code Section 5705.39(A)(2), the appropriations exceeded total estimated resources in the Gasoline Tax Fund during 2011.

Contrary to Ohio Revised Code Sections 507.09(A)(5) and 505.24(A)(5), the Fiscal Officer and Trustees were overcompensated in both 2010 and 2011.

Note 9 - Debt

The \$10,000 general obligation notes were issued to finance the construction of a new townhouse building. The note was collateralized solely by the Township's taxing authority. The general obligation note was paid in full on April 26, 2010.



Caudill & Associates, CPA

725 5th Street Portsmouth, OH 45662

P: 740.353.5171 | F: 740.353.3749

www.caudillepa.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Jasper Township
Fayette County
7790 State Route 729 N.W.
Washington Court House, Ohio 43160

To the Township Board of Trustees:

We have audited the financial statements of Jasper Township, Fayette County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 30, 2013, wherein we noted the Township adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54) in 2011. The Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the township's financial statements will be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying of findings and responses to be a material weakness.

Jasper Township
Fayette County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2011-001 through 2011-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 30, 2013.

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

We intend this report solely for the information and use of management, Board of Trustees, Auditor of State and others within the Township. We intend it for no one other than these specified parties.

Caudill & Associates, CPA

Caudill & Associates, CPA
April 30, 2013

Jasper Township
Fayette County
Schedule of Findings and Responses
For the Years Ended December 31, 2011 and 2010

Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

Finding Number 2011-001

Noncompliance and Material Weakness – Allocation of Trustees’ Salaries

Ohio Revised Code Section 505.24(C) permits trustees to receive annual salaries instead of per diem payments. OAG Opinion 2004-036 requires trustees to establish administrative procedures to document the proportionate amount chargeable to restricted township funds based on the kinds of services rendered. The “administrative procedures” can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service performed, in a manner similar to trustees paid per diem compensation. If trustees do not document their time, then no part of salaries may be paid from the restricted funds.

The Township pays its Trustees from multiple funds and the Trustees track how their time is spent. Trustees document their time utilizing a booklet entitled “Trustee’s Itemized Statement of Account”. The Township pays the Trustees on a percentage basis from each fund. The percentage allocation is 10% from the General Fund, 20% from the Motor Vehicle License Tax Fund, and 70% from the Gas Tax Fund or the Road and Bridge Fund. We noted material variances in 2011 from the Motor Vehicle License Tax Fund per the auditor calculation compared to the amount actually paid by the Township. The Township’s books have been adjusted to correct the deficiency noted. The Township should pay from the Funds based on the Trustees actual documentation and not from a flat percent allocation as previously noted.

Township Response:

The Township chose not to respond.

Finding Number 2011-002

Noncompliance – Appropriations in Excess of Available Resources

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In 2011, appropriations were in excess of available resources in the Gas Tax and Road and Bridge Fund. Failure to properly monitor budgetary information subjects the Township to the risk of spending in excess of available resources. The Township should implement monitoring procedures to ensure that budgetary information is amended as necessary to ensure that overspending does not occur and obtain a reduced certificate of estimated resources when it is determined that actual receipts will be less than estimated causing available resources to fall below the current level of appropriations.

Township Response:

The Township chose not to respond.

Jasper Township
Fayette County
Schedule of Findings and Responses
For the Years Ended December 31, 2011 and 2010

Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS
--

Finding Number 2011-003

Noncompliance Citation – Ohio Revised Code Section 5705.39

Ohio Revised Code section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

During 2011, total appropriations exceeded total estimated resources in the Gasoline Tax fund.

We recommend the Township monitor budgetary financial reports throughout the year and amend appropriations as necessary.

Township Response:

The Township chose not to respond.

Finding Number 2011-004

Noncompliance Citation – Overpayment of Fiscal Officer and Trustees

Ohio Revised Code Section 507.09(A)(5) sets forth the compensation levels of Township fiscal officers based on the annual township budget. **Ohio Revised Code 505.24(A)(5)**, also states that compensation for trustees are also based on the Township budget.

We compared the total 2010 total budget of \$678,095 and 2011 total budget of \$673,282, to the Ohio Revised Code’s allowable annual compensation schedules and noted that the Fiscal Officer and Trustees appeared to be overcompensated for both years.

Our calculation is as follows:

<u>Name</u>	<u>Position</u>	<u>2010 Total budget</u>	<u>Annual Salary Per ORC</u>	<u>Actual Annual Wage Paid</u>	<u>Calculated Overpayment in 2010</u>
Carol Langley	Fiscal Officer	\$678,095	\$14,147	\$16,977	\$2,830
Richard Anders	Trustee	678,095	9,004	10,287	1,283
Glenn Rankin	Trustee	678,095	9,004	10,287	1,283
Jackie Pursley	Trustee	\$678,095	9,004	10,287	1,283
			\$41,159	\$47,838	\$6,679

Jasper Township
Fayette County
Schedule of Findings and Responses
For the Years Ended December 31, 2011 and 2010

Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS
--

Finding Number 2011-004 (Continued)

<u>Name</u>	<u>Position</u>	<u>2011 Total budget</u>	<u>Annual Salary Per ORC</u>	<u>Actual Annual Wage Paid</u>	<u>Calculated Overpayment in 2011</u>
Carol Langley	Fiscal Officer	\$673,282	\$14,147	\$16,977	\$2,830
Richard Anders	Trustee	673,282	9,004	10,287	1,283
Glenn Rankin	Trustee	673,282	9,004	10,287	1,283
Jackie Pursley	Trustee	\$673,282	9,004	10,287	1,283
			\$41,159	\$47,838	\$6,679

We recommend that the Township compare compensation amounts to the applicable Ohio Rev. Code to determine the allowable amount of compensation for each year based on the Township budget.

Township Response:

The Trustees and Fiscal Officer have made an agreement with the Township to make payments each month to repay the amount owed over ten months during 2013.

Jasper Township
Fayette County
Schedule of Prior Audit Findings
For the Years Ended December 31, 2011 and 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2009-001	Noncompliance – ORC 505.24 – allocation of trustees’ salaries	No	Reissued as Finding 2011-001
2009-002	Noncompliance – ORC 5705.36 – appropriations in excess of available resources	No	Reissued as Finding 2011-002
2009-003	Noncompliance – ORC 5705.41(D) – proper encumbrance of funds	Yes	Finding No Longer Valid
2009-004	Noncompliance -- budgetary information within the accounting system	Yes	Finding No Longer Valid
2009-005	Material Weakness – misclassification of receipts and disbursements	Yes	Finding No Longer Valid
2009-006	Significant deficiency – approval of timesheets	Yes	Finding No Longer Valid
2009-007	Significant deficiency – bank statements	Yes	Finding No Longer Valid

This page intentionally left blank.



Dave Yost • Auditor of State

JASPER TOWNSHIP

FAYETTE 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
NOVEMBER 26, 2013**