



Mary Taylor, CPA
Auditor of State

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

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Mary Taylor, CPA
Auditor of State

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

To the Board of Commissioners

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

May 11, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the Jackson Township Park District, Allen County, (the District) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Jackson Township Park District, Allen County, as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 11, 2009

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Type</u>
	<u>General</u>
Cash Receipts:	
Intergovernmental Revenue	\$5,233
Gifts and Donations	506
Interest	1
Total Cash Receipts	<u>5,740</u>
Cash Disbursements:	
Current Disbursements:	
Materials and Supplies	144
Contracts - Repair	2,110
Contracts - Services	1,692
Total Cash Disbursements	<u>3,946</u>
Total Receipts Over/(Under) Disbursements	<u>1,794</u>
Fund Cash Balance, January 1	<u>5,710</u>
Fund Cash Balance, December 31	<u>\$7,504</u>

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

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Type
	General
Cash Receipts:	
Intergovernmental Revenue	\$12,635
Gifts and Donations	447
Interest	28
Miscellaneous	973
Total Cash Receipts	14,083
Cash Disbursements:	
Current Disbursements:	
Materials and Supplies	197
Contracts - Repair	1,800
Contracts - Services	4,892
Capital Outlay	9,550
Total Cash Disbursements	16,439
Total Receipts Over/(Under) Disbursements	(2,356)
Fund Cash Balance, January 1	8,066
Fund Cash Balance, December 31	\$5,710

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

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

All District funds were held in demand deposit accounts.

D. Fund Accounting

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments.

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

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

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

F. Property, Plant, and Equipment

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

2. DEPOSITS

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	<u>\$7,504</u>	<u>\$5,710</u>

Deposits were insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY/COMPLIANCE

For the years 2008 and 2007, the District did not adopt a budget, prepare and certify available resources, or adopt annual appropriation measures, as required by the Ohio Revised Code Sections 5705.28(B)(2)(a), 5705.36(a)(1) and 5705.38(A), respectively. Also, the fiscal officer did not certify that the amounts required for orders or contracts had been lawfully appropriated and were in the treasury or in the process of collection as required by Ohio Rev. Code Section 5705.41(D).

4. RISK MANAGEMENT

The District has obtained commercial insurance for comprehensive property and general liability risks from Auto Owners Insurance.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Commissioners:

We have audited the financial statements of the Jackson Township Park District, Allen County, (the District), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 11, 2009, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain internal control matters that we reported to the District's management in a separate letter dated May 11, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2008-001 through 2008-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 11, 2009.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 11, 2009

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Noncompliance - Budgetary Requirements

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

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

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

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

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

The District, as a legally separate entity established under Ohio Rev Code 1545, should follow the budgetary requirements of the Ohio Revised Code. These documents should be completed, and Board approval documented within the minutes.

FINDING NUMBER 2008-002

Noncompliance - Prior Certification of Obligations

Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2008 and 2007, the District did not certify the availability of funds for any transactions. Failure to properly obtain certification of the availability of funds can result in overspending and a possible negative fund cash balance.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, the District should certify that the funds are or will be available prior to the obligation. When prior certification is not possible, "then and now" certification should be used.

FINDING NUMBER 2008-003

Noncompliance - Filing of Annual Report

Ohio Rev. Code. Section 117.38 states cash-basis entities must file an annual report with the Auditor of State within 60 days of the fiscal year end. This report must be filed on forms prescribed by the Auditor of State, however, if a form has not been prescribed, the public office shall submit its report on the form utilized by the public office. Any public office which does not file the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars.

The report shall contain the amount of receipts and expenditures for each purpose. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The required report for year-end 2007 was filed on November 18, 2008, which is 320 days from fiscal year end, and the report for year-end 2008 has not yet been filed. In addition, a notice was not published in a local newspaper stating that either of these reports was available for inspection.

The annual report should be filed with the Auditor of State on a timely basis to avoid the possibility of being assessed a late filing penalty and to be in compliance with the Ohio Revised Code. Notice of the financial report being available for public inspection should also be published in a local newspaper.

Officials' Response:

We did not receive a response from officials for the findings discussed above.

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Rev. Code Section 5705.28(B)(2)(a); Adoption of Operating Budget	No	Repeated as Finding 2008-001
2006-002	Ohio Rev. Code Section 5705.36(A)(1); Certification of Total Amount of Estimated Resources Available for Appropriation	No	Repeated as Finding 2008-001
2006-003	Ohio Rev. Code Section 5705.38(A); Adoption of Annual Appropriation Measure	No	Repeated as Finding 2008-001
2006-004	Ohio Rev. Code Section 5705.41(D); Prior Certification of Obligations	No	Repeated as Finding 2008-002
2006-005	Ohio Rev. Code Section 117.38; Filing of Annual Report	No	Repeated as Finding 2008-003



Mary Taylor, CPA
Auditor of State

JACKSON TOWNSHIP PARK DISTRICT

ALLEN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 11, 2009**