



OHIO AUDITOR OF STATE
KEITH FABER



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Jackson Township Park District
Allen County
P.O. Box 7095
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We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Jackson Township Park District, Allen County, (the Park District) for the years ended December 31, 2018 and 2017.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Park District's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Park District's financial statements, transactions or balances for the years ended December 31, 2018 and 2017.

The Park District's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. **Ohio Rev. Code §117.38** states, in part, that each public office, other than a state agency, shall file a financial report for each fiscal year. The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year. Any public office, that does not file its financial report at the time required by this section shall pay to the auditor of state twenty-five dollars for each day the report remains unfiled after the filing date; provided, that the penalty payments shall not exceed the sum of seven hundred fifty dollars.

The Park District originally filed the 2017 financial statements in the Hinkle System on February 9, 2019, which did not meet the 60 day deadline and an extension was not filed. The Park District originally filed the 2018 financial statements in the Hinkle System on February 28, 2019, which was within the 60 day deadline, however neither the original 2017 or 2018 filings were considered to be complete. The financial statements filed for 2018 did not include beginning and ending fund balances, did not classify receipts by source, and the notes to the financial statements were not complete. The financial statements filed for 2017 did not include beginning and ending fund balances, and did not classify receipts by source. On August 7, 2019, the Park District refiled complete financial statements within the Hinkle System.

The Park District should implement procedures and/or controls, such as a reminder system, to help ensure the timely filing and notification to the public of the availability of financial statements. In addition, Ohio Revised Code Section §117.38 should be reviewed in its entirety along with Auditor of State Bulletin 2015-007 to further understand the annual filing of the Park District financial statements. Also, resources such as those found on the Auditor of State website at: <http://www.auditor.state.oh.us/references.html> should be utilized to prepare the annual financial statements and notes to the financial statements.

2. **Ohio Rev. Code §135.03** states eligible depositories include national banks and banks defined in ORC § 1101.01. **Ohio Rev. Code § 1101.01 (B)** states that a “Bank” means a corporation that solicits, receives, or accepts money or its equivalent for deposit as a business, whether the deposit is made by check or is evidenced by a certificate of deposit, passbook, note, receipt, ledger card, or otherwise. “Bank” also includes a state bank or a corporation doing business as a bank or savings bank under authority granted by the bank regulatory authority or another state of the United States or another country, but does not include a savings association, savings bank, or credit union.

The Park District maintained all money in a credit union which is not a legal depository. The failure to maintain deposits in an eligible institution may increase the Park District’s risk of a loss of public funds.

The Park District should maintain all money in an eligible depository.

3. **Ohio Rev. Code § 511.19**, states, in part, that a board of park commissioners shall consist of three electors. During 2018 and 2017, the Park District only had two board members. The failure to operate with the required three members may impede operations of the Park District, increase the risk of errors and/or irregularities not being detected timely, and bring into question the legality of decisions made by the existing board members.

The existing board members should work with the Park District’s appointing authority to ensure that the required number of members is appointed to the Board.

4. **Ohio Rev. Code § 5705.41(B)** states that expenditures cannot be made unless appropriated. The Park District did not adopt appropriations in 2018 or 2017 which resulted in all disbursements exceeding appropriations.

The failure to adopt appropriations increases the risk that actual spending will exceed the Board’s intended spending and could result in deficit spending.

A procedure(s) and/or control(s) should be implemented by the Park District to help ensure that appropriations are adopted each year. In addition, the adopted appropriations should not exceed estimated resources as required by Ohio Revised Code Section 5705.39. Once appropriations and estimated receipts are approved, they should be integrated into the accounting system to facilitate the monitoring of budgeted versus actual activity.

5. The Park District should have procedure and controls in place to help assure accountability over donations. The Park District received donations in 2018 and 2017 for the use of the shelter house which were recorded in the accounting records. However, no documentation other than a calendar showing the days rented, was maintained to support the amount of the donation given for the use of the shelter house. The Fiscal Officer maintained copies of the checks that were used to pay for the rental of the shelter house, however no record was maintained for cash payments. Also per inquiry with the Fiscal Officer, the donations were not deposited when received.

Failure to maintain supporting documentation and to deposit receipts timely increases the risk that errors, and/or irregularities could occur and not be detected in a timely manner.

The Park District should adopt a procedure(s) and/or control(s) to provide for the completeness and accuracy of donations. The policy should include but not be limited to maintaining a copy of the check from each donation and issuing a duplicate and pre-numbered receipt to the donor. Additionally, if the donation is paid in cash, the signature of the donor should be affixed to the

duplicate receipt issued to the donor. Finally, all donations should be immediately deposited and documented in the Board Minutes.

6. ***State ex. rel McClure v. Hagerman, 155 Ohio St. 320 (1951)*** provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgement of a governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable. Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Late fees were incurred on the Park District’s credit card. In 2018, \$25 of late fees were noted in the June, September and November credit card statements each, for a total of \$75. In 2017, \$25 in late fees were noted in the February and October credit card statements, each, for a total of \$50. Therefore, a total of \$125 in late fees were paid during the audit period.

The Park District should develop policies and procedures to ensure that the credit card is paid timely to eliminate any late fees being charged. The Park District should not be paying late fees as that is not a proper use of public funds.

Current Status of Matters Reported in our Prior Engagement

Our prior audit reported matters on eligible depositories, integrating budgetary amounts into the accounting system, expenditures in excess of appropriations, timely and complete filing of annual financial statements within the Hinkle System, requirements discussing have three park board members, and developing more controls and procedures to monitor the money received from renting the shelter house at the Park. These prior matters have been repeated above as observations 1, 2, 3, 4, and 5.



Keith Faber
Auditor of State
Columbus, Ohio

August 22, 2019

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OHIO AUDITOR OF STATE KEITH FABER



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
SEPTEMBER 5, 2019