



Dave Yost • Auditor of State



VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY

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# Dave Yost • Auditor of State

Village of Fort Jennings  
Putnam County  
P.O. Box 88  
Fort Jennings, Ohio 45844-0088

To the Village Council:

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.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

October 21, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Fort Jennings  
Putnam County  
P.O. Box 88  
Fort Jennings, Ohio 45844-0088

To the Village Council:

We have audited the accompanying financial statements of the Village of Fort Jennings, Putnam County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient evidential matter to support the charges for services revenue reported for the Parks and Recreation Special Revenue Fund in 2010 and 2009. Those activities represent 100 percent of the charges for services revenues of the Special Revenue Fund Type in 2010 and 2009, and 41 and 27 percent of the total revenue of the Special Revenue Fund Type in 2010 and 2009, respectively.

As described more fully in Note 1, the Village 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 Village's larger (i.e. major) funds separately. While the Village 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 villages to reformat their statements. The Village 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, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to obtain sufficient evidential matter for the Special Revenue Funds Charges for Services Revenue in 2010 and 2009, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Fort Jennings, Putnam County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 October 21, 2011, on our consideration of the Village'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.



**Dave Yost**  
Auditor of State

October 21, 2011



**VILLAGE OF FORT JENNINGS  
PUTNAM 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$14,580			\$14,580
Municipal Income Tax	75,003			75,003
Intergovernmental	39,389	\$23,535	\$48,070	110,994
Rental Income		1,350		1,350
Contributions and Donations		2,500		2,500
Charges for Services		19,635		19,635
Fines, Licenses and Permits	35			35
Earnings on Investments	4,804	691		5,495
Miscellaneous	6,229			6,229
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	140,040	47,711	48,070	235,821
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	59,823	33,917		93,740
Leisure Time Activities	1,267			1,267
Basic Utility Service	2,678			2,678
Transportation		27,080		27,080
General Government	104,283			104,283
Debt Service:				
Redemption of Principal	4,431			4,431
Capital Outlay		37,825	57,945	95,770
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	172,482	98,822	57,945	329,249
Total Cash Disbursements Over Cash Receipts	<hr/>	<hr/>	<hr/>	<hr/>
	(32,442)	(51,111)	(9,875)	(93,428)
<b>Other Financing Receipts / (Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Other Debt Proceeds			9,875	9,875
Transfers-In		2,000		2,000
Transfers-Out	(2,000)			(2,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	(2,000)	2,000	\$9,875	9,875
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(34,442)	(49,111)		(83,553)
Fund Cash Balances, January 1	452,063	95,406		547,469
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$417,621</b> <hr/>	<hr/> <b>\$46,295</b> <hr/>		<hr/> <b>\$463,916</b> <hr/>
Reserve for Encumbrances, December 31	<hr/> <u>\$25</u> <hr/>			<hr/> <u>\$25</u> <hr/>

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

**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Proprietary Fund Type</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$107,310</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	5,765
Employee Fringe Benefits	949
Contractual Services	20,262
Supplies and Materials	<u>8,915</u>
Total Operating Cash Disbursements	<u>35,891</u>
Operating Income	<u>71,419</u>
<b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	16,499
Interest and Other Fiscal Charges	<u>42,620</u>
Total Non-Operating Cash Disbursements	<u>59,119</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	12,300
Transfers-In	59,119
Transfers-Out	<u>(59,119)</u>
Net Receipts Over Disbursements	12,300
Fund Cash Balances, January 1	<u>223,994</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$236,294</b></u>

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

**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$14,255			\$14,255
Municipal Income Tax	74,650			74,650
Intergovernmental	38,871	\$23,545	\$34,185	96,601
Rental Income		2,175		2,175
Contributions and Donations		7,142		7,142
Charges for Services		12,996		12,996
Fines, Licenses and Permits	308			308
Earnings on Investments	19,950	1,725		21,675
Miscellaneous	6,561	375		6,936
<b>Total Cash Receipts</b>	<u>154,595</u>	<u>47,958</u>	<u>34,185</u>	<u>236,738</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	65,873			65,873
Leisure Time Activities	1,130	17,888		19,018
Basic Utility Service	2,757			2,757
Transportation		12,718		12,718
General Government	209,525			209,525
Debt Service:				
Capital Outlay		33,834	157,250	191,084
<b>Total Cash Disbursements</b>	<u>279,285</u>	<u>64,440</u>	<u>157,250</u>	<u>500,975</u>
<b>Total Cash Disbursements Over Cash Receipts</b>	<u>(124,690)</u>	<u>(16,482)</u>	<u>(123,065)</u>	<u>(264,237)</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Other Debt Proceeds			123,065	123,065
Transfers-In		1,500		1,500
Transfers-Out	(9,420)			(9,420)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(9,420)</u>	<u>1,500</u>	<u>\$123,065</u>	<u>115,145</u>
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(134,110)	(14,982)		(149,092)
Fund Cash Balances, January 1	586,173	110,388		696,561
<b>Fund Cash Balances, December 31</b>	<u><u>\$452,063</u></u>	<u><u>\$95,406</u></u>		<u><u>\$547,469</u></u>
Reserve for Encumbrances, December 31	<u><u>\$930</u></u>	<u><u>\$114</u></u>		<u><u>\$1,044</u></u>

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

**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Type</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$101,560</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	6,973
Employee Fringe Benefits	1,112
Contractual Services	23,259
Supplies and Materials	<u>4,785</u>
Total Operating Cash Disbursements	<u>36,129</u>
Operating Income	<u>65,431</u>
<b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	15,800
Interest and Other Fiscal Charges	<u>43,331</u>
Total Non-Operating Cash Disbursements	<u>59,131</u>
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	6,300
Transfers-In	72,637
Transfers-Out	<u>(64,717)</u>
Net Receipts Over Disbursements	14,220
Fund Cash Balances, January 1	<u>209,774</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$223,994</u></u></b>
Reserve for Encumbrances, December 31	<u><u>\$831</u></u>

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

**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**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 Village of Fort Jennings, Putnam County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, park operations, and police services.

The Village participates in the Ohio Government Risk Management Plan public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village 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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village 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 from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

Park Fund – This fund receives event proceeds, donations and club house fees to fund maintenance and improvements of the park.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Ohio Public Works Commission Fund – This fund receives proceeds of Ohio Public Works Commission (OPWC) grant and loan monies. These monies are used to help fund storm sewer replacement and street improvement projects.

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer Improvement Fund - This fund receives transfers from the Sewer Operating Fund to repay the Rural Development debt.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council 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 Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**2. Equity in Pooled Deposits**

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

	2010	2009
Demand deposits	\$95,210	\$136,463
Certificates of deposit	605,000	635,000
Total Deposits	\$700,210	\$771,463

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$183,321	\$140,040	(\$43,281)
Special Revenue	77,650	49,711	(27,939)
Capital Projects	48,069	57,945	9,876
Enterprise	190,907	166,429	(24,478)
Total	\$499,947	\$414,125	(\$85,822)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$576,509	\$174,507	\$402,002
Special Revenue	172,942	98,822	74,120
Capital Projects	57,945	57,945	
Enterprise	373,189	154,129	219,060
Total	\$1,180,585	\$485,403	\$695,182

**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. Budgetary Activity (Continued)**

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$178,694	\$154,595	(\$24,099)
Special Revenue	75,389	49,458	(25,931)
Capital Projects	170,924	157,250	(13,674)
Enterprise	189,052	174,197	(14,855)
Total	\$614,059	\$535,500	(\$78,559)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$609,522	\$289,635	\$319,887
Special Revenue	185,631	64,554	121,077
Capital Projects	157,250	157,250	
Enterprise	391,826	160,808	231,018
Total	\$1,344,229	\$672,247	\$671,982

**4. Property Tax**

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

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

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 Village.

**5. Local Income Tax**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax receipts are credited to the General Fund.



**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. Debt**

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$128,509	0%
Mortgage Revenue Bonds	930,600	5%
Total	\$1,059,109	

The Ohio Public Works Commission (OPWC) loan relates to a Village storm sewer project. This 0% interest loan is payable over 30 years beginning July 2010.

The Mortgage Revenue Bonds were issued by the United States Department of Agriculture for the Village's Sewer Project. Bonds proceeds were used to pay off the interim financing in 1997. These bonds will be repaid in annual installments over 40 years starting in 1999. The bonds are collateralized by the sewer system and its revenue. The Village has set sewer rates sufficient to cover USDA debt service requirements.

The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as an enterprise debt service fund. The balance in the fund at December 31, 2010 is \$64,120.

Amortization of the above debt, including interest, is scheduled as follows:

	OPWC Loan	Mortgage Revenue Bonds
Year ending December 31:		
2011	\$2,216	\$59,077
2012	4,431	59,103
2013	4,431	59,193
2014	4,431	59,043
2015	4,431	59,161
2016-2020	22,157	295,556
2021-2025	22,157	295,539
2026-2030	22,157	295,585
2031-2035	22,157	295,562
2036-2039	19,941	177,342
Total	\$128,509	\$1,655,161

**7. Retirement System**

The Village's employees and officials 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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**8. Risk Management**

**Risk Pool Membership**

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village does participate participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate participates in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**8. Risk Management (Continued)**

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009, and include amounts for both OPRM and OPHC:

	<b>2010</b>		<b>2009</b>	
	<b>OPRM</b>	<b>OPHC</b>	<b>OPRM</b>	<b>OPHC</b>
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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# Dave Yost • Auditor of State

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

Village of Fort Jennings  
Putnam County  
P.O. Box 88  
Fort Jennings, Ohio 45844-0088

To the Village Council:

We have audited the financial statements of the Village of Fort Jennings, Putnam County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated October 21, 2011 wherein we noted we were unable to obtain sufficient evidential mater to support the revenues in the Park and Recreation Special Revenue Fund in 2010 and 2009, and the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 Village'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 Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village'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 we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001 and 2010-003 described in the accompanying schedule of findings to be material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village'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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 21, 2011.

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, the Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

October 21, 2011

VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001

**Material Weakness**

**Monitoring Financial Statements**

Accurate financial reporting is the responsibility of Village management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity.

The financial statements contained the following errors:

- Ohio Public Works grant and loan monies, in the amounts of \$57,945 in 2010 and \$157,250 in 2009, were posted to the General Fund instead of a Capital Project Fund,
- Park and Recreation Fund revenues, between the amounts of \$1,350 and \$13,249, were inconsistently posted between the various revenue line items in 2010 and 2009,
- Interest payments totaling \$26,120 were posted as principal payments in 2009.

Adjusting entries were posted to the financial statements to correct these and other errors.

To ensure the Village's financial statements and notes to the statements are complete and accurate, Council should adopt policies and procedures, including a final review of the financial statements, and notes to the financial statements to identify and correct errors and omissions.

**Officials' Response:**

We did not receive a response from Officials to this finding.

FINDING NUMBER 2010-002

**Noncompliance Citation**

**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 judgment of the 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. **Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose"** states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

The Village spent a total of \$14,593 in Park Fund monies for the purchase of alcohol and related liquor permit fees in 2009 and 2010. The alcohol was purchased for resale at park events hosted by the Village as a fund raising mechanism. Total revenues from the Park Fund exceeded these alcohol purchases by \$35,080 for 2009 and 2010. The appointed clerk, Pam Wagner signed the checks. Council approved each purchase in the minutes.

**FINDING NUMBER 2010-002  
(Continued)**

Under Ohio law and Auditor of State Bulletin 2003-005 the expenditure of public funds for alcoholic beverages is generally considered manifestly arbitrary and incorrect. We recommend the Village either refrain from purchasing alcoholic beverages with public funds or partner with a private organization to sponsor any alcohol related fund raisers. The organization would be responsible for the acquisition and sale of alcoholic drinks. The net proceeds of these fund raisers would in turn be donated to the Village Park Fund.

**Officials' Response:**

The Village Park Board organized these events and obtained licenses from the Ohio Division of Liquor Control. All proceeds from these events have remained in the Park Fund and are used to maintain and improve the village park. The Village is changing the way fund raising festivals are held in the future. A non-profit organization has been formed to benefit the park. The Park Board will continue to oversee the maintenance of the park but will no longer be involved in fund raising activities.

**FINDING NUMBER 2010-003**

**Material Weakness**

**Village Park Revenues**

There are festivals and events conducted by the Village to support the operations of the Village Park. The Village does not maintain any type of supporting documentation for these revenues which represent 41 and 27 percent, respectively, of the 2010 and 2009 Special Revenue Fund Type revenues.

Lack of supporting documentation could result in errors or irregularities occurring and not being detected during the normal course of doing business. We recommend the Village maintain support for the money making activities of the Park (festival food and beverages, canoe races, duck races, bands, etc.). The support should included documentation for the revenues received such as ticket stubs, ticket reconciliations, items ordered, items sold, etc. In addition, these records should be reconciled to the revenues reported on the Village's financial statements.

**Officials' Response:**

We did not receive a response from Officials to this finding.



**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Village Ordinance No. 230, Section 6,B(3) – required balance not maintained in the Reserve Fund	Yes	
2008-002	Ohio Revised Code 731.14 – purchase not competitively bid	Yes	

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VILLAGE OF FORT JENNINGS

PUTNAM 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 10, 2011