



Dave Yost • Auditor of State

VILLAGE OF JENERA
HANCOCK COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Jenera
Hancock County
103 South Main Street, P.O. Box 57
Jenera, Ohio 45841-0057

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Jenera, Hancock County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Jenera, Hancock County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

July 2, 2015

**VILLAGE OF JENERA
HANCOCK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$11,253			\$11,253
Intergovernmental	68,418	\$8,958		77,376
Special Assessments		4,680		4,680
Charges for Services	6,090	23,760		29,850
Fines, Licenses and Permits	1,855			1,855
Earnings on Investments	149	28	\$11	188
Miscellaneous	9,630			9,630
<i>Total Cash Receipts</i>	<u>97,395</u>	<u>37,426</u>	<u>11</u>	<u>134,832</u>
Cash Disbursements				
Current:				
Security of Persons and Property	5,841	47,023		52,864
Leisure Time Activities	15,909			15,909
Community Environment	7,614			7,614
Basic Utility Services	19,775			19,775
Transportation		867		867
General Government	18,456			18,456
Capital Outlay		38		38
Debt Service:				
Principal Retirement	8,005			8,005
Interest and Fiscal Charges	1,582			1,582
<i>Total Cash Disbursements</i>	<u>77,182</u>	<u>47,928</u>		<u>125,110</u>
<i>Net Change in Fund Cash Balances</i>	20,213	(10,502)	11	9,722
<i>Fund Cash Balances, January 1</i>	<u>2,731</u>	<u>37,568</u>	<u>2,216</u>	<u>42,515</u>
Fund Cash Balances, December 31				
Nonspendable			2,000	2,000
Restricted		27,066	227	27,293
Assigned	10,680			10,680
Unassigned	12,264			12,264
<i>Fund Cash Balances, December 31</i>	<u>\$22,944</u>	<u>\$27,066</u>	<u>\$2,227</u>	<u>\$52,237</u>

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

VILLAGE OF JENERA
HANCOCK COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$68,751</u>
Operating Cash Disbursements	
Personal Services	2,250
Contractual Services	10,336
Supplies and Materials	<u>2,288</u>
<i>Total Operating Cash Disbursements</i>	<u>14,874</u>
<i>Operating Income</i>	<u>53,877</u>
Non-Operating Disbursements	
Principal Retirement	(8,700)
Interest and Other Fiscal Charges	<u>(30,120)</u>
<i>Total Non-Operating Disbursements</i>	<u>(38,820)</u>
<i>Net Change in Fund Cash Balances</i>	15,057
<i>Fund Cash Balances, January 1</i>	<u>351,925</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$366,982</u></u>

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

**VILLAGE OF JENERA
HANCOCK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$11,343			\$11,343
Intergovernmental	65,384	\$8,838		74,222
Special Assessments	259	4,723		4,982
Charges for Services	7,590	23,716		31,306
Fines, Licenses and Permits	1,876			1,876
Earnings on Investments	177	34	\$10	221
Miscellaneous	7,720			7,720
<i>Total Cash Receipts</i>	<u>94,349</u>	<u>37,311</u>	<u>10</u>	<u>131,670</u>
Cash Disbursements				
Current:				
Security of Persons and Property	4,800	29,876		34,676
Leisure Time Activities	14,733			14,733
Community Environment	4,166			4,166
Basic Utility Services	16,203			16,203
Transportation		1,087		1,087
General Government	31,380			31,380
Capital Outlay		9,775		9,775
Debt Service:				
Principal Retirement	7,493			7,493
Interest and Fiscal Charges	2,095			2,095
<i>Total Cash Disbursements</i>	<u>80,870</u>	<u>40,738</u>		<u>121,608</u>
<i>Net Change in Fund Cash Balances</i>	13,479	(3,427)	10	10,062
<i>Fund Cash Balances, January 1</i>	<u>(10,748)</u>	<u>40,995</u>	<u>2,206</u>	<u>32,453</u>
Fund Cash Balances, December 31				
Nonspendable			2,000	2,000
Restricted		37,568	216	37,784
Assigned	2,063			2,063
Unassigned	668			668
<i>Fund Cash Balances, December 31</i>	<u>\$2,731</u>	<u>\$37,568</u>	<u>\$2,216</u>	<u>\$42,515</u>

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

VILLAGE OF JENERA
HANCOCK COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$72,449</u>
Operating Cash Disbursements	
Personal Services	2,250
Contractual Services	12,946
Supplies and Materials	<u>1,254</u>
<i>Total Operating Cash Disbursements</i>	<u>16,450</u>
<i>Operating Income</i>	<u>55,999</u>
Non-Operating Disbursements	
Principal Retirement	(8,300)
Interest and Other Fiscal Charges	<u>(30,473)</u>
<i>Total Non-Operating Disbursements</i>	<u>(38,773)</u>
<i>Net Change in Fund Cash Balances</i>	17,226
<i>Fund Cash Balances, January 1</i>	<u>334,699</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$351,925</u></u>

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

**VILLAGE OF JENERA
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Jenera, Hancock County, (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 general government services. The Village contracts with the Hancock County Sheriff's department to provide security of persons and property. The Village appropriates general fund money to support a volunteer fire department.

The Village participates in the Public Entities Pool of Ohio public entity risk pool. Note 7 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF JENERA
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The 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.

Fire Equipment Fund – This fund receives predetermined contract amounts for services provided to Orange, Eagle and Van Buren Townships and grants for the maintenance of the volunteer fire department.

3. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Levi Vermillion Memorial Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village Hall and Main Street.

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 Fund:

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

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. Appropriations lapse at year end.

2. Estimated Resources

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

VILLAGE OF JENERA
HANCOCK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are

**VILLAGE OF JENERA
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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.

G. 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:

	2014	2013
Demand deposits	\$417,219	\$392,440
Certificates of deposit	2,000	2,000
Total deposits	\$419,219	\$394,440

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,987	\$97,395	\$48,408
Special Revenue	36,700	37,426	726
Enterprise	38,000	68,751	30,751
Permanent	60	11	(49)
Total	\$123,747	\$203,583	\$79,836

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,526	\$77,182	(\$19,656)
Special Revenue	45,200	47,928	(2,728)
Enterprise	57,300	53,694	3,606
Total	\$160,026	\$178,804	(\$18,778)

**VILLAGE OF JENERA
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,715	\$94,349	\$52,634
Special Revenue	30,700	37,311	6,611
Enterprise	53,000	72,449	19,449
Permanent	60	10	(50)
Total	<u>\$125,475</u>	<u>\$204,119</u>	<u>\$78,644</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$91,650	\$80,870	\$10,780
Special Revenue	44,000	40,738	3,262
Enterprise	21,600	55,223	(33,623)
Permanent	225	225	225
Total	<u>\$157,475</u>	<u>\$176,831</u>	<u>(\$19,356)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund, Fire Equipment Fund, Street Lighting Fund, and Sewer Fund by \$19,656, \$7,014, \$546, and \$34,394, respectively, for the year ended December 31, 2014 and in the Street Construction, Maintenance and Repair Fund, Street Lighting Fund, and Sewer Fund by \$1,862, \$1,349, and \$33,623, respectively, for the year ended December 31, 2013.

In 2014 and 2013, contrary to Ohio law special assessment monies were posted to the General Fund instead of the Street Lighting Fund in the amounts of \$1,939 and \$2,070, respectively, and the Sewer Fund in the amounts of \$3,492 and \$4,406, respectively.

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.

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

5. Miscellaneous Revenue

Miscellaneous revenue in the General Fund in 2014 and 2013 primarily consisted of partial payments towards fire department vehicles from the Jenera Volunteer Fire Department and Orange Township and rebates from the Bureau of Workers' Compensation.

**VILLAGE OF JENERA
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Debt

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Revenue Bonds	\$700,000	4.25%
Fire Truck Loan	<u>34,841</u>	3.63%
Total	<u><u>\$734,841</u></u>	

The Mortgage Revenue Bonds relate to a sewer plant project the Ohio Environmental Protection Agency mandated. The Village will repay the bonds in annual installments over 40 years. Sewer receipts collateralize the bonds. The Village has agreed to set utility rates sufficient to cover Mortgage Revenue Bonds debt service requirements.

The Village entered into a loan agreement with First National Bank for \$80,000 to purchase a fire truck. The Village has pledged the fire truck as collateral. The loan will be paid in monthly installments over the next four years.

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

Year ending December 31:	Mortgage	
	<u>Revenue Bonds</u>	<u>Fire Truck Loan</u>
2015	\$38,750	\$9,587
2016	38,768	9,975
2017	38,768	10,010
2018	38,851	8,537
2019	38,714	
2020-2024	193,969	
2025-2029	193,961	
2030-2034	194,002	
2035-2039	193,952	
2040-2044	193,889	
2045-2049	<u>193,970</u>	
Total	<u><u>\$1,357,594</u></u>	<u><u>\$38,109</u></u>

7. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

**VILLAGE OF JENERA
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. Risk Management

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP 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 PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013 (the latest information available):

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Village's share of these unpaid claims collectible in future years is approximately \$13,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change

VILLAGE OF JENERA
HANCOCK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

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 PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$18,087	\$18,218

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP 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 PEP. 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.



Dave Yost • Auditor of State

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

Village of Jenera
Hancock County
103 South Main Street
P.O. Box 57
Jenera, Ohio 45841-0057

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Jenera, Hancock County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 2, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 and 2014-002 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-002 and 2014-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

July 2, 2015

VILLAGE OF JENERA
HANCOCK COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-001

Material Weakness

Financial Reporting

We encountered the following transactions that required reclassification/adjustment and the accompanying financial statements reflect these amounts:

- In 2014 and 2013, intergovernmental revenue and fines, licenses and permits were posted as miscellaneous in the General Fund in amounts ranging from \$974 to \$45,859.
- In 2014 and 2013, intergovernmental revenue was posted as special assessments in the Special Revenue Fund in the amounts of \$7,882 and \$7,406, respectively.
- In 2014 and 2013, special assessments were posted as property taxes in the Special Revenue Fund in the amounts of \$2,741 and \$2,653, respectively.
- In 2013, the supplies and materials line item was posted as transportation in the Enterprise Fund in the amount of \$1,254.
- In 2014 and 2013, principal and interest payments were posted as contractual services in the Enterprise Fund in amounts ranging from \$8,300 to \$30,473.
- In 2014 and 2013, various revenues were misposted as property taxes in the General Fund in amounts ranging from \$259 to \$41,698 that should have been posted as intergovernmental revenue, miscellaneous, and special assessments in the General Fund, as special assessments in the Special Revenue Fund, and as charges for services in the Enterprise Fund.
- There were reclassifications to ending fund balance in 2013 and 2014 to the General and Permanent funds in the classification of fund balance in accordance with GASB 54 in amounts ranging from \$216 to \$10,680.

These errors occurred as a result of a misunderstanding of the proper account to post the above transactions.

Accurate financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

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

FINDING NUMBER 2014-002

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 5705.10(D) provides, in part, that all revenue derived from a specific source shall be credited to a special fund for the purpose for which the monies were received. The following transactions were found to be posted to the incorrect fund:

In 2014 and 2013, special assessment monies were posted to the General Fund and should have been posted to the Street Lighting fund in amounts of \$1,939 and \$2,070, respectively, and to the Enterprise Fund as charges for services in the amounts of \$3,492 and \$4,406, respectively.

**FINDING NUMBER 2014-002
(Continued)**

These errors occurred due to insufficient monitoring by management. The accompanying financial statements and the Village's accounting records were adjusted to reflect these amounts in the proper funds.

Accurate financial reporting is the responsibility of the Fiscal Officer and Village Council. We recommend Council monitor receipt posting to ensure money is posted to the correct fund.

FINDING NUMBER 2014-003

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) provides that no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

The following funds had expenditures in excess of appropriations for the year ended December 31, 2014:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	\$57,526	\$77,182	(\$19,656)
Fire Equipment	34,000	41,014	(7,014)
Street Lighting	5,500	6,046	(546)
Sewer	19,300	53,694	(34,394)

The following funds had expenditures in excess of appropriations for the year ended December 31, 2013:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Street Construction, Maintenance & Repair	\$9,000	\$10,862	(\$1,862)
Street Lighting	4,000	5,349	(1,349)
Sewer	21,600	55,223	(33,623)

The errors were the result of not properly monitoring expenditures against appropriations and making necessary amendments.

We recommend the Fiscal Officer and Council review and amend appropriations whenever necessary to help prevent expenditures from exceeding appropriations, provided sufficient resources are available.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

**VILLAGE OF JENERA
HANCOCK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Material weakness for not posting OPWC activity.	Yes	
2012-002	Material weakness due to errors in reporting.	No	Not corrected. Reissued as Finding 2014-001 in this report.
2012-003	Ohio Rev. Code § 5705.10(D) for posting of revenue to the wrong funds.	No	Not corrected. Reissued as Finding 2014-002 in this report.
2012-004	Ohio Rev. Code § 5705.41(D) for improper certification of funds.	No	Partially corrected. Reissued in the management letter.
2012-005	Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	No	Not corrected. Reissued as Finding 2014-003 in this report.
2012-006	Ohio Rev. Code § 5705.10(I) for deficit fund balance.	Yes	

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Dave Yost • Auditor of State

VILLAGE OF JENERA

HANCOCK 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
JULY 28, 2015**