



**VILLAGE OF JENERA
HANCOCK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF JENERA
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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Jenera, Hancock County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2000 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 grants.

This report is intended solely for the information and use of the finance committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 17, 2000

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**VILLAGE OF JENERA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$9,361	\$3,890	\$13,251
Intergovernmental Receipts	56,900	7,420	64,320
Charges for Services	7,290	15,360	22,650
Miscellaneous	5,118	5,270	10,388
Total Cash Receipts	<u>78,669</u>	<u>31,940</u>	<u>110,609</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	2,038	11,605	13,643
Public Health Services	513		513
Leisure Time Activities	5,839		5,839
Community Environment	4,050		4,050
Basic Utility Services	7,560	3,253	10,813
Transportation		2,353	2,353
General Government	20,439		20,439
Capital Outlay	27,663	17,043	44,706
Total Cash Disbursements	<u>68,102</u>	<u>34,254</u>	<u>102,356</u>
Total Receipts Over/(Under) Disbursements	10,567	(2,314)	8,253
Fund Cash Balances, January 1	91,392	30,962	122,354
Fund Cash Balances, December 31	<u><u>\$101,959</u></u>	<u><u>\$28,648</u></u>	<u><u>\$130,607</u></u>

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

**VILLAGE OF JENERA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$14,360		\$14,360
Interest		\$81	81
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	14,360	81	14,441
	<hr/>	<hr/>	<hr/>
Operating Cash Disbursements:			
Personal Services	800		800
Supplies and Materials	393		393
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	1,193		1,193
	<hr/>	<hr/>	<hr/>
Operating Income	13,167	81	13,248
Fund Cash Balances, January 1	9,311	2,951	12,262
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$22,478</u>	<u>\$3,032</u>	<u>\$25,510</u>

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

**VILLAGE OF JENERA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$9,990	\$3,310	\$13,300
Intergovernmental Receipts	42,634	6,995	49,629
Charges for Services	6,900	14,245	21,145
Miscellaneous	4,647	1,475	6,122
Total Cash Receipts	<u>64,171</u>	<u>26,025</u>	<u>90,196</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	3,569	10,290	13,859
Public Health Services	564		564
Leisure Time Activities	6,817		6,817
Community Environment	7,355		7,355
Basic Utility Services	6,243	3,458	9,701
Transportation	160	712	872
General Government	25,703		25,703
Capital Outlay	4,579	7,822	12,401
Total Cash Disbursements	<u>54,990</u>	<u>22,282</u>	<u>77,272</u>
Total Receipts Over Disbursements	<u>9,181</u>	<u>3,743</u>	<u>12,924</u>
Fund Cash Balances, January 1	<u>82,211</u>	<u>27,219</u>	<u>109,430</u>
Fund Cash Balances, December 31	<u><u>\$91,392</u></u>	<u><u>\$30,962</u></u>	<u><u>\$122,354</u></u>

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

**VILLAGE OF JENERA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$13,459		\$13,459
Interest		\$156	156
	<u>13,459</u>	<u>156</u>	<u>13,615</u>
Total Operating Cash Receipts			
	<u>13,459</u>	<u>156</u>	<u>13,615</u>
Operating Cash Disbursements:			
Personal Services	800		800
Contractual Services	3,200		3,200
Supplies and Materials	148		148
	<u>4,148</u>		<u>4,148</u>
Total Operating Cash Disbursements			
	<u>4,148</u>		<u>4,148</u>
Operating Income	9,311	156	9,467
Fund Cash Balances, January 1		2,795	2,795
	<u>9,311</u>	<u>2,951</u>	<u>12,262</u>
Fund Cash Balances, December 31			
	<u><u>\$9,311</u></u>	<u><u>\$2,951</u></u>	<u><u>\$12,262</u></u>

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

**VILLAGE OF JENERA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Jenera, Hancock County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations and fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit and Repurchase Agreements are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

VILLAGE OF JENERA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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

Fire Fund - This fund receives a predetermined contract amount for services provided to area townships.

3. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

Sewer Construction Fund - This fund receives money from residents to help fund the installation of a planned sewer system.

4. Fiduciary Fund (Trust Fund)

The trust fund is used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Village had the following significant fiduciary fund:

Levi Vermillion Memorial Fund - Receives proceeds from interest earned on principal amount to be used for the Town Hall.

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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

VILLAGE OF JENERA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$33,072	\$131,665
Certificates of deposit	<u>3,032</u>	<u>2,951</u>
Total deposits	36,104	134,616
Overnight repurchase agreement	<u>120,013</u>	<u> </u>
Total deposits and investments	<u><u>\$156,117</u></u>	<u><u>\$134,616</u></u>

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

Investments: The Village and its financial institution have an agreement in which account balances are automatically invested in an overnight repurchase agreement. The financial institution maintains records identifying the Village as owner. This investment is secured with U.S. Government Securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,800	\$78,669	(\$19,131)
Special Revenue	30,750	31,940	1,190
Enterprise	12,000	14,360	2,360
Fiduciary	<u>100</u>	<u>81</u>	<u>(19)</u>
Total	<u><u>\$140,650</u></u>	<u><u>\$125,050</u></u>	<u><u>(\$15,600)</u></u>

VILLAGE OF JENERA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$188,000	\$68,102	\$119,898
Special Revenue	60,900	34,254	26,646
Enterprise	21,000	1,193	19,807
Fiduciary	3,000		3,000
Total	<u>\$272,900</u>	<u>\$103,549</u>	<u>\$169,351</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,323	\$64,171	\$6,848
Special Revenue	22,900	26,025	3,125
Enterprise	12,000	13,459	1,459
Fiduciary	400	156	(244)
Total	<u>\$92,623</u>	<u>\$103,811</u>	<u>\$11,188</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$139,025	\$54,990	\$84,035
Special Revenue	48,400	22,282	26,118
Enterprise	12,000	4,148	7,852
Fiduciary	3,000		3,000
Total	<u>\$202,425</u>	<u>\$81,420</u>	<u>\$121,005</u>

4. COMPLIANCE

In some instances, the Clerk did not certify funds as required by Ohio Rev. Code Section 5705.41(D).

5. PROPERTY TAX

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

VILLAGE OF JENERA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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.

6. RETIREMENT SYSTEMS

The Village's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- Property, building and contents, and inland marine
- Legal liability - Third party claims
- Vehicle liability
- Wrongful acts coverage

8. RELATED PARTY TRANSACTIONS

A Village Council Member is owner of a company from which the Village acquired general contracting services during 1998 and 1999. The Village paid \$1,833.46 for these services.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Jenera, Hancock County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 17, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-30232-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 17, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 17, 2000.

This report is intended for the information and use of the finance committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

May 17, 2000

**VILLAGE OF JENERA
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30232-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. 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 should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, the Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Council, if such expenditure is otherwise valid.

Fifty-seven percent of the transactions tested did not receive prior certification nor were they certified using a then-and-now certification. Certification is not only required by Ohio law but is also a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Village funds being expended or exceeding budgetary spending limitations as set by Council.

To improve controls over disbursements it is recommended that all Village disbursements, receive prior certification of the Clerk and that the Council periodically review the expenditures made to ensure they are within appropriations adopted by the Council certified by the Clerk and recorded against appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
JUNE 15, 2000**