



**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008



Mary Taylor, CPA
Auditor of State

VILLAGE OF FORT JENNINGS
PUTNAM COUNTY

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Mary Taylor, CPA
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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 29, 2009

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Mary Taylor, CPA

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, (the Village) as of and for the years ended December 31, 2008 and 2007. 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(B) and 115.56 mandate 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 2007. Those activities represent 100 percent of the charges for services revenues of the Special Revenue Fund Type in 2007 and 24 percent of the total revenue of the Special Revenue Fund Type in 2007.

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.

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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, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, 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 2007, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Fort Jennings, Putnam County, as of December 31, 2008 and 2007, 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 September 29, 2009, 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.



Mary Taylor, CPA
Auditor of State

September 29, 2009

**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, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$13,813		\$13,813
Municipal Income Tax	77,325		77,325
Intergovernmental	49,302	\$25,132	74,434
Rent Income		1,625	1,625
Fines, Licenses and Permits	238		238
Earnings on Investments	19,582	4,159	23,741
Contributions and Donations		13,693	13,693
Miscellaneous	3,184		3,184
	<u>163,444</u>	<u>44,609</u>	<u>208,053</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	78,238		78,238
Leisure Time Activities	321	51,699	52,020
Basic Utility Service	3,043		3,043
Transportation		18,628	18,628
General Government	53,512		53,512
Capital Outlay		24,799	24,799
	<u>135,114</u>	<u>95,126</u>	<u>230,240</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>28,330</u>	<u>(50,517)</u>	<u>(22,187)</u>
Other Financing Receipts / (Disbursements):			
Transfers-In		20,000	20,000
Transfers-Out	(20,000)		(20,000)
	<u>(20,000)</u>	<u>20,000</u>	<u></u>
Total Other Financing Receipts / (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,330	(30,517)	(22,187)
Fund Cash Balances, January 1	<u>577,843</u>	<u>140,905</u>	<u>718,748</u>
Fund Cash Balances, December 31	<u>\$586,173</u>	<u>\$110,388</u>	<u>\$696,561</u>
Reserve for Encumbrances, December 31	<u>\$1,426</u>	<u>\$146</u>	<u>\$1,572</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, 2008**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$102,058
Operating Cash Disbursements:	
Personal Services	6,734
Employee Fringe Benefits	1,074
Contractual Services	22,391
Supplies and Materials	18,345
Total Operating Cash Disbursements	48,544
Operating Income	53,514
Non-Operating Cash Receipts:	
Miscellaneous Receipts	3,895
Non-Operating Cash Disbursements:	
Redemption of Principal	15,100
Interest and Other Fiscal Charges	44,010
Total Non-Operating Cash Disbursements	59,110
Excess of Cash Disbursements Over Cash Receipts Before Interfund Transfers	(1,701)
Transfers-In	59,127
Transfers-Out	(59,127)
Net Disbursements Over Receipts	(1,701)
Fund Cash Balances, January 1	211,475
Fund Cash Balances, December 31	\$209,774
Reserve for Encumbrances, December 31	\$3,669

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, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$13,430		\$13,430
Municipal Income Tax	77,618		77,618
Intergovernmental	44,144	\$27,837	71,981
Rent Income		2,925	2,925
Charges for Services		16,023	16,023
Fines, Licenses and Permits	67		67
Earnings on Investments	21,138	5,566	26,704
Contributions and Donations		15,228	15,228
Miscellaneous	160		160
	<u>156,557</u>	<u>67,579</u>	<u>224,136</u>
Total Cash Receipts			
	156,557	67,579	224,136
Cash Disbursements:			
Current:			
Security of Persons and Property	53,678		53,678
Leisure Time Activities	962	27,063	28,025
Basic Utility Service	3,248		3,248
Transportation		17,955	17,955
General Government	54,733		54,733
Capital Outlay		16,323	16,323
	<u>112,621</u>	<u>61,341</u>	<u>173,962</u>
Total Cash Disbursements			
	112,621	61,341	173,962
Total Cash Receipts Over Cash Disbursements	43,936	6,238	50,174
Fund Cash Balances, January 1	<u>533,907</u>	<u>134,667</u>	<u>668,574</u>
Fund Cash Balances, December 31	<u>\$577,843</u>	<u>\$140,905</u>	<u>\$718,748</u>
Reserve for Encumbrances, December 31	<u>\$2,439</u>	<u>\$180</u>	<u>\$2,619</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, 2007**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$103,596
Fines, Licenses and Permits	3,000
Total Operating Cash Receipts	106,596
Operating Cash Disbursements:	
Personal Services	7,342
Employee Fringe Benefits	1,181
Contractual Services	27,276
Supplies and Materials	14,990
Total Operating Cash Disbursements	50,789
Operating Income	55,807
Non-Operating Cash Receipts:	
Miscellaneous Receipts	1,663
Non-Operating Cash Disbursements:	
Capital Outlay	
Redemption of Principal	14,500
Interest and Other Fiscal Charges	44,663
Total Non-Operating Cash Disbursements	59,163
Excess of Cash Disbursements Over Cash Receipts Before Interfund Transfers	(1,693)
Transfers-In	59,119
Transfers-Out	(59,119)
Net Disbursements Over Receipts	(1,693)
Fund Cash Balances, January 1	213,168
Fund Cash Balances, December 31	\$211,475
Reserve for Encumbrances, December 31	\$1,458

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, 2008 AND 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Fort Jennings, Putnam 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 police services

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, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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

3. 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 Debt Service 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 level of control for the General Fund, and the fund level of control for all other funds, 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.

A summary of 2008 and 2007 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.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

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:

	2008	2007
Demand deposits	\$146,335	\$225,223
Certificates of deposit	760,000	705,000
Total Deposits	\$906,335	\$930,223

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, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$174,706	\$163,444	(\$11,262)
Special Revenue	73,193	64,609	(8,584)
Enterprise	124,435	165,080	40,645
Total	\$372,334	\$393,133	\$20,799

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$751,698	\$156,540	\$595,158
Special Revenue	213,950	95,272	118,678
Enterprise	334,516	170,450	164,066
Total	\$1,300,164	\$422,262	\$877,902

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$170,378	\$156,557	(\$13,821)
Special Revenue	71,061	67,579	(3,482)
Enterprise	120,811	167,378	46,567
Total	\$362,250	\$391,514	\$29,264

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

3. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$710,079	\$115,060	\$595,019
Special Revenue	184,315	61,521	122,794
Enterprise	345,818	170,529	175,289
Total	\$1,240,212	\$347,110	\$893,102

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.

6. Debt

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$962,900	4.50%

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

6. Debt (Continued)

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, 2008 is \$53,597.

The Village has not deposited the required amount into the debt service reserve fund as required by the Village ordinance authorizing the issuance of the mortgage revenue bonds.

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

Year ending December 31:	Mortgage Revenue Bonds
2009	\$59,131
2010	59,120
2011	59,077
2012	59,103
2013	59,193
2014-2018	295,561
2019-2023	295,474
2024-2028	295,666
2029-2033	295,523
2034-2038	295,563
Total	\$1,773,411

The Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) on September 25, 2008. This loan is for a \$136,739 loan at 0% interest for 30 years, and was obtained to help finance a sewer project. As of December 31, 2008 none of these monies had been disbursed by OPWC. Repayment is not scheduled to start until after the entire loan has been disbursed or the project has been completed.

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 these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

8. Risk Management

Risk Pool Membership

The Village belongs 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 over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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.

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: 2007 and 2006 (the latest information available):

	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

9. Contractual Commitment

The Village entered an agreement with the Ohio Public Works Commission (OPWC) on September 25, 2008 for the St. Joe/Charles Fifth Street Relief Storm Sewer Replacement project. This agreement provides the Village with a \$34,185 grant from OPWC and a 0% loan from OPWC in the amount of \$136,739 to help fund this project. The Village has also committed \$145,601 of local funds. Total project cost is scheduled at \$316,525. As of September 29, 2009, grant and loan monies in total of \$157,250 had been disbursed as well as \$133,953 of local money.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

9. Contractual Commitment (Continued)

The Village was also approved for an OPWC grant for street improvements. Total project costs are scheduled at \$141,610. Local funds of \$70,805 will fund the project while grant funds of \$70,805 will fund the remaining project costs. As of September 29, 2009 no grant funds have been disbursed and no contracts have been entered.

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Mary Taylor, CPA

Auditor of State

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

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, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 29, 2009 wherein we noted we were unable to obtain sufficient evidential matter to support the revenues in the Park and Recreation Special Revenue Fund in 2007 and the Village prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. 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(B) and 115.56 mandate 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 expressing our opinion on the financial statements, but not to opine 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.

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

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

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

We noted certain internal control matters that we reported to the Village's management in a separate letter dated September 29, 2009.

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 instances of noncompliance we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 and 2008-002.

We also noted a certain noncompliance matter, not requiring inclusion in this report, that we reported to the Village's management in a separate letter dated September 29, 2009.

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



Mary Taylor, CPA
Auditor of State

September 29, 2009

VILLAGE OF FORT JENNINGS
PUTNAM COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Noncompliance Citation

Village of Fort Jennings, Sanitary Sewer System Mortgage Revenue Bonds Ordinance No. 230, Section 6,B (3), states the Village shall set aside and deposit in the Reserve Fund, the sum of \$493.28 each month until there is accumulated in such fund the sum of \$59,193, after which no further deposits need be made into such fund except to replace withdrawals.

The Village Reserve Fund had a balance of \$53,597 during the audit period. The Reserve Fund is required to have a balance of \$59,193. This resulted in a shortage of \$5,596.

By not setting aside the monies as stated in the Ordinance, the Village may not funds available to meet cost of repairing or replacing any damage to the system or meet future debt payments if adequate revenues are not generated.

We recommend the Village post the required monies into the Reserve Fund to help provide monies for the costs of repairs and replacement and the payment of the semiannual debt requirements if needed.

FINDING NUMBER 2008-002

Noncompliance Citation

Ohio Revised Code § 731.14 states when any expenditure, other than the compensation of persons employed in the village, exceeds twenty-five thousand dollars, such contracts shall be in writing and made with the lowest and best bidder after advertising once a week for not less than two consecutive weeks in a newspaper of general circulation within the village.

The Village did not competitively bid the 2008 playground equipment purchase which cost approximately \$35,472.

We recommend the Village review the competitive bidding requirements for a village and bid out all applicable purchases in the future.

Official's Responses

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Material Weakness – Village Park Festivals and Events Record Keeping	Yes	Was corrected in 2008
2006-002	Mortgage Revenue Bonds Ordinance No. 230, Section 6,B (3) – insufficient balance in the Reserve Fund	No	Finding has not been corrected and is repeated in this report as item 2008-001



Mary Taylor, CPA
Auditor of State

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
OCTOBER 15, 2009**