



Dave Yost • Auditor of State

VILLAGE OF FORT JENNINGS
PUTNAM COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Fort Jennings, Putnam County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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 1 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

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The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2012 and 2011, or changes in financial position 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 Fort Jennings, Putnam County, Ohio as of December 31, 2012 and 2011, 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 permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 the Village of Fort Jennings adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2013, 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

October 8, 2013

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$16,930		\$16,930
Municipal Income Tax	76,734		76,734
Intergovernmental	26,810	\$24,188	50,998
Contributions/Donations		40,263	40,263
Charges for Services	5,168	376	5,544
Fines, Licenses and Permits	460		460
Earnings on Investments	2,196	119	2,315
Miscellaneous	7,870	1,099	8,969
<i>Total Cash Receipts</i>	<u>136,168</u>	<u>66,045</u>	<u>202,213</u>
Cash Disbursements			
Current:			
Security of Persons and Property	50,645		50,645
Leisure Time Activities	915	15,210	16,125
Basic Utility Services	2,786		2,786
Transportation		9,928	9,928
General Government	88,418		88,418
Capital Outlay		2,585	2,585
Debt Service:			
Principal Retirement	4,431		4,431
<i>Total Cash Disbursements</i>	<u>147,195</u>	<u>27,723</u>	<u>174,918</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,027)</u>	<u>38,322</u>	<u>27,295</u>
Other Financing Receipts (Disbursements)			
Insurance Proceeds	10,990		10,990
Transfers In		4,000	4,000
Transfers Out	(4,000)		(4,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>6,990</u>	<u>4,000</u>	<u>10,990</u>
<i>Net Change in Fund Cash Balances</i>	<u>(4,037)</u>	<u>42,322</u>	<u>38,285</u>
<i>Fund Cash Balances, January 1</i>	<u>426,318</u>	<u>60,585</u>	<u>486,903</u>
Fund Cash Balances, December 31			
Restricted		66,630	66,630
Committed		36,277	36,277
Unassigned	422,281		422,281
<i>Fund Cash Balances, December 31</i>	<u>\$422,281</u>	<u>\$102,907</u>	<u>\$525,188</u>

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type
Operating Cash Receipts	
Charges for Services	\$119,646
Operating Cash Disbursements	
Personal Services	6,765
Employee Fringe Benefits	1,126
Contractual Services	24,138
Supplies and Materials	4,266
<i>Total Operating Cash Disbursements</i>	36,295
<i>Operating Income</i>	83,351
Non-Operating Disbursements	
Principal Retirement	(18,000)
Interest and Other Fiscal Charges	(41,103)
<i>Total Non-Operating Disbursements</i>	(59,103)
<i>Income before Transfers</i>	24,248
Transfers In	59,103
Transfers Out	(59,103)
<i>Net Change in Fund Cash Balances</i>	24,248
<i>Fund Cash Balances, January 1</i>	243,632
<i>Fund Cash Balances, December 31</i>	\$267,880

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$14,553		\$14,553
Municipal Income Tax	69,555		69,555
Intergovernmental	45,845	\$23,910	69,755
Contributions/Donations		2,861	2,861
Charges for Services	30,348	1,418	31,766
Fines, Licenses and Permits	115		115
Earnings on Investments	3,481	224	3,705
Miscellaneous	772	1,475	2,247
<i>Total Cash Receipts</i>	<u>164,669</u>	<u>29,888</u>	<u>194,557</u>
Cash Disbursements			
Current:			
Security of Persons and Property	50,824		50,824
Leisure Time Activities	1,015	18,038	19,053
Basic Utility Services	2,817		2,817
Transportation		14,781	14,781
General Government	79,385		79,385
Capital Outlay		279	279
Debt Service:			
Principal Retirement	4,431		4,431
<i>Total Cash Disbursements</i>	<u>138,472</u>	<u>33,098</u>	<u>171,570</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>26,197</u>	<u>(3,210)</u>	<u>22,987</u>
Other Financing Receipts (Disbursements)			
Transfers In		17,500	17,500
Transfers Out	(17,500)		(17,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(17,500)</u>	<u>17,500</u>	
<i>Net Change in Fund Cash Balances</i>	8,697	14,290	22,987
<i>Fund Cash Balances, January 1</i>	<u>417,621</u>	<u>46,295</u>	<u>463,916</u>
Fund Cash Balances, December 31			
Restricted		54,836	54,836
Committed		5,749	5,749
Unassigned	426,318		426,318
<i>Fund Cash Balances, December 31</i>	<u>\$426,318</u>	<u>\$60,585</u>	<u>\$486,903</u>

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type
Operating Cash Receipts	
Charges for Services	\$110,265
Operating Cash Disbursements	
Personal Services	6,923
Employee Fringe Benefits	1,107
Contractual Services	22,112
Supplies and Materials	13,708
<i>Total Operating Cash Disbursements</i>	43,850
<i>Operating Income</i>	66,415
Non-Operating Disbursements	
Principal Retirement	(17,200)
Interest and Other Fiscal Charges	(41,877)
<i>Total Non-Operating Disbursements</i>	(59,077)
<i>Income before Transfers</i>	7,338
Transfers In	59,046
Transfers Out	(59,046)
<i>Net Change in Fund Cash Balances</i>	7,338
<i>Fund Cash Balances, January 1</i>	236,294
<i>Fund Cash Balances, December 31</i>	\$243,632

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, 2012 AND 2011**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

The Village participates in the Ohio Government Risk Management Plan public entity risk pool. Note 9 to the financial statements provide additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits and Investments

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

The Village values certificates of deposit at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

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.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(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 Improvement Fund - This fund receives transfers from the Sewer Operating Fund to repay the Rural Development debt.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2012 and 2011 budgetary activity appears in Note 4.

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:

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 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.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

2. Change in Accounting Principle

For fiscal year 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 did not have an effect on fund balances previously reported.

3. 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:

	2012	2011
Demand deposits	\$188,068	\$125,535
Certificates of deposit	605,000	605,000
Total deposits	\$793,068	\$730,535

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

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$187,514	\$147,158	(\$40,356)
Special Revenue	75,726	70,045	(5,681)
Enterprise	209,557	178,749	(30,808)
Total	\$472,797	\$395,952	(\$76,845)

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$613,732	\$151,195	\$462,537
Special Revenue	136,311	27,723	108,588
Enterprise	407,887	154,501	253,386
Total	\$1,157,930	\$333,419	\$824,511

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$187,740	\$164,669	(\$23,071)
Special Revenue	45,435	47,388	1,953
Enterprise	196,634	169,311	(27,323)
Total	\$429,809	\$381,368	(\$48,441)

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$603,137	\$155,972	\$447,165
Special Revenue	91,730	33,098	58,632
Enterprise	395,408	161,973	233,435
Total	\$1,090,275	\$351,043	\$739,232

5. 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.

6. 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.

7. Debt

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$895,400	5%
Ohio Public Works Commission Loan	119,647	
Total	\$1,015,047	

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Debt (Continued)

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

The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as an enterprise debt service fund. The balance in the fund at December 31, 2012 was \$64,120.

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

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

Year ending December 31:	Mortgage Revenue Bonds	OPWC Loan
2013	\$59,193	\$4,431
2014	59,043	4,431
2015	59,161	4,431
2016	59,134	4,431
2017	59,066	4,431
2018-2021	295,547	22,157
2022-2026	295,562	22,157
2027-2031	295,591	22,157
2032-2036	295,537	22,157
2037-2039	59,147	8,864
Total	\$1,536,981	\$119,647

8. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, 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, 2012.

9. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

9. Risk Management (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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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 Fort Jennings
Putnam County
655 North Water Street
P.O. Box 88
Fort Jennings, Ohio 45844-0088

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 Fort Jennings, Putnam County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated October 8, 2013 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, and wherein the Village adopted Governmental Accounting Standards Board Statement No. 54 in 2011.

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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.



Dave Yost
Auditor of State

Columbus, Ohio

October 8, 2013

VILLAGE OF FORT JENNINGS
PUTNAM COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-001

Material Weakness

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

The 2012 and 2010 financial statements contained material errors, such as the following:

- In 2011, contributions and donations in the Park Fund were posted to miscellaneous revenue instead of a more descriptive line item. In 2012, contributions and donations of \$10,263 and \$30,000 in the Park Fund were incorrectly posted to charges for services and miscellaneous revenue, respectively.
- Sewer fees of \$1,300 were incorrectly posted as taxes in the General Fund in 2012 when they should have been posted as charges for services in the Sewer Fund.
- Debt principal payments of \$4,431 in the General Fund were incorrectly posted as general government expenses in 2011 and 2012.

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

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

Officials' Response:

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

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**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Material weakness regarding the monitoring of financial statements.	No	Not Corrected. Repeated in this report as Finding 2012-001.
2010-002	State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) for the purchase of alcohol.	Yes	
2010-003	Material weakness for lack of supporting documentation for park revenues.	Yes	

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VILLAGE OF FORT JENNINGS

PUTNAM COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 7, 2013