



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, 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 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, 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 permitted 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 Fort Jennings, Putnam 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 Note1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 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

November 12, 2015

**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, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$15,238			\$15,238
Municipal Income Tax	85,518			85,518
Intergovernmental	21,614	\$26,044	\$15,585	63,243
Donations			15,585	15,585
Rental Income		2,175		2,175
Fines, Licenses and Permits	15			15
Earnings on Investments	1,318	75		1,393
Miscellaneous	1,173			1,173
<i>Total Cash Receipts</i>	<u>124,876</u>	<u>28,294</u>	<u>31,170</u>	<u>184,340</u>
Cash Disbursements				
Current:				
Security of Persons and Property	46,226			46,226
Leisure Time Activities	17	10,865		10,882
Basic Utility Services	3,452			3,452
Transportation		12,368		12,368
General Government	44,178			44,178
Capital Outlay		16,281	31,170	47,451
Debt Service:				
Principal Retirement	2,216			2,216
<i>Total Cash Disbursements</i>	<u>96,089</u>	<u>39,514</u>	<u>\$31,170</u>	<u>166,773</u>
<i>Net Change in Fund Cash Balances</i>	28,787	(11,220)		17,567
<i>Fund Cash Balances, January 1</i>	<u>434,211</u>	<u>67,939</u>		<u>502,150</u>
Fund Cash Balances, December 31				
Restricted		41,452		41,452
Committed		15,267		15,267
Assigned	449,277			449,277
Unassigned	13,721			13,721
<i>Fund Cash Balances, December 31</i>	<u>\$462,998</u>	<u>\$56,719</u>		<u>\$519,717</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, 2014**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$120,974
Operating Cash Disbursements	
Personal Services	7,108
Employee Fringe Benefits	1,146
Contractual Services	21,240
Supplies and Materials	7,202
<i>Total Operating Cash Disbursements</i>	36,696
<i>Operating Income</i>	84,278
Non-Operating Disbursements	
Principal Retirement	(19,600)
Interest and Other Fiscal Charges	(39,443)
<i>Total Non-Operating Disbursements</i>	(59,043)
<i>Income before Transfers</i>	25,235
Transfers In	103,840
Transfers Out	(103,840)
<i>Net Change in Fund Cash Balances</i>	25,235
<i>Fund Cash Balances, January 1</i>	274,340
<i>Fund Cash Balances, December 31</i>	\$299,575

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, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$14,949			\$14,949
Municipal Income Tax	87,745			87,745
Intergovernmental	22,035	\$26,560	\$24,428	73,023
Rental Income	5,168			5,168
Charges for Services		75		75
Fines, Licenses and Permits	1,700			1,700
Earnings on Investments	971	92		1,063
Miscellaneous	5,609	3,674		9,283
<i>Total Cash Receipts</i>	<u>138,177</u>	<u>30,401</u>	<u>24,428</u>	<u>193,006</u>
Cash Disbursements				
Current:				
Security of Persons and Property	49,097			49,097
Leisure Time Activities	160	17,236		17,396
Basic Utility Services	1,719			1,719
Transportation		21,408		21,408
General Government	83,560			83,560
Capital Outlay		28,733	24,428	53,161
Debt Service:				
Principal Retirement	4,431			4,431
<i>Total Cash Disbursements</i>	<u>138,967</u>	<u>67,377</u>	<u>\$24,428</u>	<u>230,772</u>
<i>Excess of Disbursements over Receipts</i>	<u>(790)</u>	<u>(36,976)</u>		<u>(37,766)</u>
Other Financing Receipts (Disbursements)				
Transfers In		1,167		1,167
Transfers Out		(1,167)		(1,167)
<i>Net Change in Fund Cash Balances</i>	(790)	(36,976)		(37,766)
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>435,001</u>	<u>104,915</u>		<u>539,916</u>
Fund Cash Balances, December 31				
Restricted		43,982		43,982
Committed		23,957		23,957
Assigned	404,720			404,720
Unassigned	29,491			29,491
<i>Fund Cash Balances, December 31</i>	<u>\$434,211</u>	<u>\$67,939</u>		<u>\$502,150</u>

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

**VILLAGE OF FORT JENNINGS
PUTMAM COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$119,265
Operating Cash Disbursements	
Personal Services	6,332
Employee Fringe Benefits	1,032
Contractual Services	23,716
Supplies and Materials	22,532
<i>Total Operating Cash Disbursements</i>	53,612
<i>Operating Income</i>	65,653
Non-Operating Disbursements	
Principal Retirement	(18,900)
Interest and Other Fiscal Charges	(40,293)
<i>Total Non-Operating Disbursements</i>	(59,193)
<i>Income before Transfers</i>	6,460
Transfers In	49,214
Transfers Out	(49,214)
<i>Net Change in Fund Cash Balances</i>	6,460
<i>Fund Cash Balances, January 1</i>	267,880
<i>Fund Cash Balances, December 31</i>	\$274,340

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, 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 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 participates in the Ohio Plan Risk Management Inc., a public 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 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 Board 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.

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:

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

1. Summary of Significant Accounting Policies – (Continued)

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

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

3. Capital Project Funds

This fund accounts for and reports financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Ohio Public Works Commission (OPWC) Fund – The Village received grant proceeds from the State of Ohio for the Second Street Project and for the Park Sewer Project.

4. Enterprise Funds

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

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

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

3. Encumbrances

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

1. Summary of Significant Accounting Policies – (Continued)

A summary of 2014 and 2013 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:

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

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

1. Summary of Significant Accounting Policies – (Continued)

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. Accountability

Restatement of Governmental Fund Balance

The Village's governmental fund beginning balances were restated at December 31, 2012 as a result of accrued interest not posted to the financial statements on a certificate of deposit.

Interest has been compounding on this certificate since inception. Interest is rolled over and added to the certificate yet the Village never increased the amount on the monthly reconciliation.

The prior period adjustment had the following effect on the Village's governmental fund balances as previously reported:

	General Fund	Special Revenue Fund	Total Governmental Funds
Fund balance as previously reported	\$422,281	\$102,907	\$525,188
Adjustment for revenue incorrectly posted	12,720	2,008	14,728
Restated fund balance at January 1, 2013	\$435,001	\$104,915	\$539,916

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:

	2014	2013
Demand Deposits	\$199,362	\$156,647
Certificate of Deposits	619,930	619,843
Total deposits	\$819,292	\$776,490

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

4. 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	\$198,157	\$124,876	(\$73,281)
Special Revenue	69,656	28,294	(41,362)
Capital Projects		31,170	31,170
Enterprise	216,782	224,814	8,032
Total	\$484,595	\$409,154	(\$75,441)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$602,877	\$98,072	\$504,805
Special Revenue	134,271	39,719	94,552
Capital Projects	31,170	31,170	
Enterprise	490,945	199,734	291,211
Total	\$1,259,263	\$368,695	\$890,568

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$192,964	\$138,177	(\$54,787)
Special Revenue	77,998	31,568	(46,430)
Capital Projects		24,428	24,428
Enterprise	214,023	168,479	(45,544)
Total	\$484,985	\$362,652	(\$122,333)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$616,510	\$141,214	\$475,296
Special Revenue	180,905	68,683	112,222
Capital Projects	24,428	24,428	
Enterprise	480,601	162,197	318,404
Total	\$1,302,444	\$396,522	\$905,922

- Contrary to Ohio Law, in 2014, the Village did not record the activity and the corresponding appropriations for \$15,585 of Ohio Public Works Commission (OPWC) money paid directly to the vendor by OPWC on behalf of the Village.
- Also contrary to Ohio law, in 2014 and 2013, the Village improperly posted to the Street, Construction, Maintenance, and Repair Fund, State Highway Fund, General Fund, FEMA Fund, and the Ohio Public Works Commission Fund in amounts ranging from \$108 to \$24,428.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

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.

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. Transfers

The Enterprise Sewer Operating Fund transferred \$103,840 to the Enterprise Debt Service Fund in 2014.

The Federal Emergency Management Agency Fund transferred \$1,167 to the Parks and Recreation Fund to reimburse for wind storm expenses incurred in 2012. The Enterprise Sewer Operating Fund transferred \$49,214 to the Enterprise Debt Service Fund in 2013.

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

8. Debt

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Revenue Bonds	\$856,900	5%
Ohio Public Works Commission Loan	113,000	
Total	<u>\$969,900</u>	

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.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

8. Debt – (Continued)

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, 2014 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
2015	\$59,161	\$4,431
2016	59,134	4,432
2017	59,066	4,431
2018	59,158	4,432
2019	59,101	4,431
2020-2024	295,544	22,157
2025-2029	295,541	22,157
2030-2034	295,553	22,157
2035-2040	236,485	24,372
Total	\$1,418,743	\$113,000

9. 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.

10. 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.

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.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

10. Risk Management – (Continued)

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 (and through October 2014) 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 774 and 783 members as of December 31, 2013 and 2014 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 equity at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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



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, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated November 12, 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 through 2014-004 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 2014-003 and 2014-004.

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

November 12, 2015

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Monitoring of Financial Statements

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 fairly stated.

The Fiscal Officer is responsible for the majority of the functions related to the accounting records. Without proper separation of duties, there is a possibility errors or fraud could occur and not be detected in a timely period.

The Village lacked a policy regarding financial review which contributed to material posting discrepancies such as the following, occurring without detection:

- In 2014, the Village was the beneficiary of \$15,585 of Ohio Public Works Commission (OPWC) money paid directly to the vendor by OPWC on behalf of the Village. The Fiscal Officer did not record this activity and the corresponding appropriations.
- In 2014 and 2013, unassigned fund balance was overstated and assigned fund balance was understated in the General Fund by \$449,277 and \$404,720, respectively.
- In 2014 and 2013, the beginning fund balance was restated for interest earned on a certificate of deposit that had not been posted for numerous years. In 2014, adjustments were made to the General Fund, Street Construction, Maintenance, and Repair Fund, and the State Highway Fund beginning balances by \$12,825, \$1,908, and \$111, respectively. In 2013, adjustments were made to the General Fund, Street Construction, Maintenance, and Repair Fund, and the State Highway Fund beginning balances by \$12,720, \$1,897, and \$111, respectively.

As a result, the Village's financial statements did not correctly reflect the financial activity of the Village. The Village's financial statements and, where applicable, accounting records have been adjusted to reflect these and fifteen other discrepancies.

To ensure the financial statements and notes to the statements are complete and accurate, we recommend the Fiscal Officer post all transactions in accordance with guidance established by the Ohio Village Officers' Handbook issued by the Auditor of State. The Village Council should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements, by the Fiscal Officer and Council to identify and correct errors and omissions.

FINDING NUMBER 2014-002

Material Weakness

Budgeted Receipts Posted

Sound accounting practices provide that budgeted revenues posted to the Village's ledgers be based on amounts formally reviewed and approved by the Council. In 2014, the Village overstated estimated receipts in the Enterprise Debt Service Reserve Fund by \$64,120.

This error occurred in the posting of estimated receipts since the Fiscal Officer did not compare the total posted to the certificate of estimated resources and there was not an adequate review by the Council Members. The budgetary note to the financial statements was corrected to reflect the approved amount.

Failure to accurately reflect budgetary figures in the accounting system could result in management basing their financial decisions on inaccurate information, which could possibly result in deficit spending. We recommend the Fiscal Officer compare the amounts posted to the certificate of estimated resources when posting the estimated receipts. We further recommend the Council periodically review the budgetary reports to ensure the correct amounts have been posted.

FINDING NUMBER 2014-003

Noncompliance Citation and Material Weakness

Sound accounting practices require money spent on behalf of the Village by other governments be posted to the Village's ledgers. Furthermore, **Ohio Rev. Code § 5705.42** deems the funds appropriated, eliminating the need for the Village to approve a formal appropriation for these monies, however, this section does require the Village to record the appropriation.

In 2014, the Village was the beneficiary of \$15,585 of Ohio Public Works Commission (OPWC) money paid directly to the vendor by OPWC on behalf of the Village. The Fiscal Officer did not record this activity and the corresponding appropriations. Since OPWC paid the invoices, the Village did not receive this cash. However, Auditor of State Bulletin 2000-08 prescribes recording these transactions as receipts and disbursements when the Village applies for a project and has administrative responsibilities. The financial statements and budgetary note to the financial statements were adjusted to reflect these amounts.

The Village lacked a policy regarding financial review which contributed to the material posting discrepancies.

We recommend the Village record all benefits received from OPWC as a memo receipt and expenditure on the Village's records, request an amended certificate of estimated resources for these funds, and Council approve a corresponding appropriation for the expenditure. In addition, the Fiscal Officer should review Auditor of State Bulletin 2000-08.

FINDING NUMBER 2014-004

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 5705.10 requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose shall be paid into a special fund for such purpose. Furthermore, money paid into any fund must be used only for the purposes for which such fund is established.

The Village lacked a policy regarding financial review which contributed to material posting discrepancies such as the following, occurring without detection:

- In 2014, the Village received \$15,585 in donations from Fort Jennings State Bank to help pay for the Second Street road project. This donation was incorrectly posted in the General Fund as miscellaneous revenue instead of as a donation in a separate Capital Projects Fund.
- In 2014, the Village improperly distributed gasoline tax and other fees in the amount \$108 in the Street Construction, Maintenance, and Repair Fund instead of the State Highway Fund.
- In 2013, Ohio Public Works Commission revenue and disbursements of \$24,428 were recorded in the General Fund and not in a separate Capital Projects Fund.
- In 2013, the Village received \$1,167 in reimbursement from the Federal Emergency Management Agency (FEMA) for storm damage to the park. This revenue was incorrectly posted in the General Fund instead of in a separate FEMA Special Revenue Fund. The Village also did not reimburse the Parks and Recreation Fund which paid for the damage.

As a result, the Village's accounting ledgers and financial statements did not correctly reflect the financial activity of the Village. The financial statements and accounting records have been adjusted so these transactions are reflected in the proper funds.

These situations could result in monies being used for purposes other than those prescribed by law. Furthermore, inaccurate posting of transactions impedes the ability of management officials to accurately assess the financial status of the Village.

Officials' Response:

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

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VILLAGE OF FORT JENNINGS
PUTNAM 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 on financial reporting, due to errors on financial statements.	No	Not Corrected. Repeated as Finding 2014-001 in this report.

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Dave Yost • 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
DECEMBER 1, 2015**