

# ***VILLAGE OF FORT JENNINGS***

**PUTNAM COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2016 and 2015**







# Dave Yost • Auditor of State

Village Council  
Village of Fort Jennings  
655 N Water St.  
Fort Jennings, OH 45844

We have reviewed the *Independent Auditor's Report* of the Village of Fort Jennings, Putnam County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Fort Jennings is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

September 29, 2016

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**VILLAGE OF FORT JENNINGS**  
**PUTNAM COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2016 and 2015**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

Village of Fort Jennings  
Putnam County  
655 North Water Street  
Fort Jennings, OH 45844

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Fort Jennings, Putnam County, (the Village) as of and for the years ended December 31, 2016 and 2015.

***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(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 opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

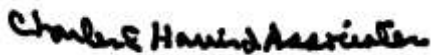
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position or its 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 as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2017, 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.



***Charles E. Harris & Associates, Inc.***  
July 26, 2017



**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 13,341	-	-	\$ 13,341
Municipal Income Tax	96,976	-	-	96,976
Intergovernmental	31,543	\$ 26,467	\$ 14,899	72,909
Fines, Licenses and Permits	135	-	-	135
Earnings on Investments	5,831	227	-	6,058
Miscellaneous	9,323	19,929	-	29,252
<i>Total Cash Receipts</i>	<u>157,149</u>	<u>46,623</u>	<u>14,899</u>	<u>218,671</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	48,447	-	-	48,447
Leisure Time Activities	2,171	18,296	-	20,467
Transportation	22,022	46,226	-	68,248
General Government	43,650	-	-	43,650
Capital Outlay	-	4,500	32,546	37,046
Debt Service:				
Principal Retirement	4,431	-	-	4,431
<i>Total Cash Disbursements</i>	<u>120,721</u>	<u>69,022</u>	<u>32,546</u>	<u>222,289</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	36,428	(22,399)	(17,647)	(3,618)
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	3,600	2,747	6,347
Transfers Out	(6,347)	-	-	(6,347)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,347)</u>	<u>3,600</u>	<u>2,747</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	30,081	(18,799)	(14,900)	(3,618)
<i>Fund Cash Balances, January 1</i>	<u>459,571</u>	<u>54,836</u>	<u>14,900</u>	<u>529,307</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	21,786	-	21,786
Committed	-	14,251	-	14,251
Assigned	25,908	-	-	25,908
Unassigned	463,744	-	-	463,744
<i>Fund Cash Balances, December 31</i>	<u>\$ 489,652</u>	<u>\$ 36,037</u>	<u>\$ -</u>	<u>\$ 525,689</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 BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Proprietary Fund Types Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 124,820
Fines, Licenses and Permits	100
Miscellaneous	4,500
	<u>129,420</u>
<b>Operating Cash Disbursements</b>	
Personal Services	5,834
Fringe Benefits	2,982
Contractual Services	26,426
Supplies and Materials	2,242
	<u>37,484</u>
<i>Total Operating Cash Receipts</i>	<i>129,420</i>
<i>Operating Income (Loss)</i>	<i>91,936</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous	100
Principal Retirement	(21,500)
Interest and Other Fiscal Charges	(37,634)
	<u>(59,034)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(59,034)</i>
<i>Income (Loss) before Transfers</i>	<i>32,902</i>
Transfers In	37,573
Transfers Out	(37,573)
	<u>32,902</u>
<i>Net Change in Fund Cash Balances</i>	<i>32,902</i>
<i>Fund Cash Balances, January 1</i>	<i>286,539</i>
	<u>286,539</u>
<i>Fund Cash Balances, December 31</i>	<i>\$ 319,441</i>
	<u>\$ 319,441</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 BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 14,372	-	-	\$ 14,372
Municipal Income Tax	84,252	-	-	84,252
Intergovernmental	29,003	\$ 26,426	-	55,429
Fines, Licenses and Permits	65	-	-	65
Earnings on Investments	1,609	95	-	1,704
Miscellaneous	12,783	10,576	-	23,359
<i>Total Cash Receipts</i>	<u>142,084</u>	<u>37,097</u>	<u>-</u>	<u>179,181</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	46,000	-	-	46,000
Leisure Time Activities	269	12,240	-	12,509
Basic Utility Services	2,624	-	-	2,624
Transportation	2,205	26,695	-	28,900
General Government	43,366	-	-	43,366
Capital Outlay	4,500	25,045	-	29,545
Debt Service:				
Principal Retirement	6,647	-	-	6,647
<i>Total Cash Disbursements</i>	<u>105,611</u>	<u>63,980</u>	<u>-</u>	<u>169,591</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	36,473	(26,883)	-	9,590
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	25,000	\$ 14,900	39,900
Transfers Out	(39,900)	-	-	(39,900)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(39,900)</u>	<u>25,000</u>	<u>14,900</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(3,427)	(1,883)	14,900	9,590
<i>Fund Cash Balances, January 1</i>	<u>462,998</u>	<u>56,719</u>	<u>-</u>	<u>519,717</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	41,233	-	41,233
Committed	-	13,603	14,900	28,503
Assigned	148	-	-	148
Unassigned	459,423	-	-	459,423
<i>Fund Cash Balances, December 31</i>	<u>\$ 459,571</u>	<u>\$ 54,836</u>	<u>\$ 14,900</u>	<u>\$ 529,307</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 BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Types Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 115,478
Fines, Licenses and Permits	1,550
Miscellaneous	<u>1,500</u>
<i>Total Operating Cash Receipts</i>	<u>118,528</u>
<b>Operating Cash Disbursements</b>	
Personal Services	6,611
Fringe Benefits	1,470
Contractual Services	53,571
Supplies and Materials	<u>9,723</u>
<i>Total Operating Cash Disbursements</i>	<u>71,375</u>
<i>Operating Income (Loss)</i>	47,153
<b>Non-Operating Receipts (Disbursements)</b>	
Sale of Fixed Assets	3,500
Miscellaneous	3,551
Capital Outlay	(8,079)
Principal Retirement	(20,600)
Interest and Other Fiscal Charges	<u>(38,561)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(60,189)</u>
<i>Income (Loss) before Transfers</i>	(13,036)
Transfers In	19,720
Transfers Out	<u>(19,720)</u>
<i>Net Change in Fund Cash Balances</i>	(13,036)
<i>Fund Cash Balances, January 1</i>	<u>299,575</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 286,539</u></u>

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

**Village of Fort Jennings, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 and 2015*

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**Note 1 - Reporting Entity**

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

***Public Entity Risk Pools***

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. Note 12 to the financial statements provides additional information for this entity.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

**Village of Fort Jennings, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 and 2015*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***Fund Accounting (continued)***

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned 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:

***First/Railroad Street Improvement Fund*** This fund included grant money spent on behalf of the Village for this project. The project was completed in 2016.

***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*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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

***Basis of Accounting***

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. Council 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 disbursements 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.

***Budgetary Process***

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

***Appropriations*** Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***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.

**Village of Fort Jennings, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 and 2015*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***Budgetary Process (continued)***

***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 re-appropriated.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

***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.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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:

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

***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.

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

***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. Council may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

**Village of Fort Jennings, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 and 2015*

**Note 2 - Summary of Significant Accounting Policies (continued)**

***Fund Balance (continued)***

*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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$141,488	\$157,149	\$15,661
Special Revenue	64,005	50,223	(13,782)
Capital Projects	17,646	17,646	0
Enterprise	82,500	167,093	84,593

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$427,598	\$152,976	\$274,622
Special Revenue	114,782	69,504	\$45,278
Capital Projects	32,546	32,546	\$0
Enterprise	177,150	134,356	\$42,794

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$234,463	\$142,084	(\$92,379)
Special Revenue	97,334	62,097	(35,237)
Capital Projects	29,799	14,900	(14,899)
Enterprise	221,633	145,299	(76,334)



**Village of Fort Jennings, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 and 2015*

**Note 3 - Budgetary Activity (continued)**

2015 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$684,643	\$145,659	\$538,984
Special Revenue	150,834	64,062	\$86,772
Capital Projects	29,799	0	\$29,799
Enterprise	457,068	158,335	\$298,733

**Note 4 – Deposits and Investments**

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

	2016	2015
Demand Deposits	\$219,508	\$195,521
Certificates of Deposit	625,622	620,325
Total Deposits	\$845,130	\$815,846

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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.

**Village of Fort Jennings, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 and 2015*

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**Note 5 – Taxes (continued)**

***Income Taxes***

The Village levies a municipal income tax of 1 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 Regional Income Tax Authority either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 - Risk Management**

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

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

The Village belongs to the 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.

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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 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.

**Village of Fort Jennings, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 and 2015*

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**Note 6 - Risk Management (continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	<b>2015</b>	<b>2014</b>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	\$5,531,637	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plan**

*Ohio Public Employees Retirement System*

All Village 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. 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, 2016.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$814,800	5%
Ohio Public Works Commission Loan	\$101,922	0%
Total	\$916,722	

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.

**Village of Fort Jennings, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 and 2015*

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**Note 9 – Debt (continued)**

The interest rate for this loan is 4.5% and 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, 2016 was \$64,120.

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

As of December 31, 2016, the Village had a line of credit of \$550,000. The outstanding balance was \$0.

***Amortization***

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

Year ending December 31:	Mortgage Revenue Bonds	OPWC Loan
2017	\$59,066	\$4,431
2018	59,158	4,431
2019	59,101	4,431
2020	59,098	4,431
2021	59,046	4,431
2022-2026	295,651	22,157
2027-2031	295,573	22,157
2032-2036	295,529	22,157
2037-2040	118,226	13,296
Total	\$1,300,448	\$101,922

**Note 10 – Transfers**

The Enterprise Sewer Operating Fund transferred \$37,573 and \$19,720 to the Enterprise Debt Service Fund in 2016 and 2015 respectively. The General Fund made transfers to Street Construction Maintenance and Repair, and to the Other Capital Projects Fund to subsidize the operation of ongoing projects.

**Note 11 – Construction and Contractual Commitments**

The Elm Street Storm Sewer project was started in 2016 but not completed. The Village has \$25,000 encumbered to pay the bills related to the project in 2017.

**Note 12 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms.

**Village of Fort Jennings, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 and 2015*

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**Note 12 – Public Entity Risk Pool (continued)**

The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 13 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**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  
Fort Jennings, OH 45844

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 cash balances, receipts, and disbursements by fund type of the Village of Fort Jennings, Putnam County (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated July 26, 2017 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 opinions 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.

*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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

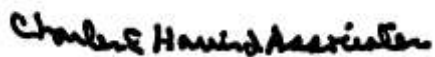
We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 26, 2017.

***Entity's Responses to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit the Village's responses and, accordingly, we express no opinion on them.

***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.



***Charles E. Harris and Associates, Inc.***  
July 26, 2017



**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
December 31, 2016 and 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number: 2016-001 – Material Weakness**

**Fund balance classification and recording of transactions:**

The Governmental Accounting Standards Board (GASB) Statement No. 54 definition of five fund balance classifications is stated in Note 2 of the report. However the Village did not properly classify the following fund balances in accordance with GASB 54:

- The balance of Special Revenue Fund: Recreation program was classified as unassigned in 2016 rather than committed.
- The General Fund had encumbrances outstanding at the end of 2016 and 2015. These were classified as unassigned versus assigned.
- The balance of Capital Project Fund: Issue II Projects was classified as restricted in 2015 rather than committed.

The Village also erroneously recorded numerous transactions during 2016 and 2015. The more significant adjustments are as follow:

- Recorded the sale of a vehicle as miscellaneous receipt instead of a sale of capital asset.
- Recorded Rollbacks as property and other local taxes instead of intergovernmental receipts.
- Recorded grant receipt as miscellaneous revenue instead of intergovernmental receipt.
- Recorded tap-in fees receipts as charges for services instead of miscellaneous receipts (operating revenue).
- Recorded sewer permits receipts as charges for services or miscellaneous receipts instead of fines, licenses and permits.

Failure to report transactions and fund balances correctly results in the financial statements not being accurately presented. We recommend that the Fiscal Officer follow GASB 54 fund balance classifications. We further recommend that the Fiscal Officer refer to the Village Officer's Handbook, UAN manuals and Auditor of State guidance to properly classify its transactions. We also recommend the Fiscal Officer review all reports compiled by UAN to ensure their accuracy.

**Management Response:**

See Corrective Action Plan.

**Finding Number: 2016-002 – 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 Council. In 2016, the Village overstated estimated receipts in the General Fund by \$15,200 and Sewer Operating Fund by \$45,300. The Village understated estimated receipts in the Permissive Motor Vehicle License Fund by \$60,000. In 2015, the Village overstated estimated receipts in the Enterprise Debt Service Reserve Fund by \$64,120.

VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2016 and 2015

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**Finding Number: 2016-002 – Material Weakness (continued)**

**Budgeted Receipts Posted (continued)**

These errors 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 Council Members. The budgetary note to the financial statements was corrected to reflect the approved amounts.

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 Council periodically review the budgetary reports to ensure the correct amounts have been posted.

**Management Response:**

See Corrective Action Plan.

**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2016 and 2015**

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2014-001	Material weakness – Monitoring of financial statements: the Village had material posting discrepancies due to a lack of policy regarding financial review.	Not Corrected	Repeated as Finding 2016-001
2014-002	Material weakness – Budgetary receipts posted: Village failed to accurately reflect budgetary figures in the accounting system	Not Corrected	Repeated as Finding 2016-002
2014-003	Noncompliance citation and material weakness – Improper posting of money spent on behalf of the Village by other governments and Ohio Rev. Code § 5705.42.	Finding no Longer Valid	
2014-004	Noncompliance citation and material weakness – Improper posting of revenue derived from a source other than the General Fund and Ohio Rev. Code § 5705.10.	Finding no Longer Valid	

**VILLAGE OF FORT JENNINGS  
PUTNAM COUNTY**

**CORRECTIVE ACTION PLAN  
For the Years Ended December 31, 2016 and 2015**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	I understand the findings in the Audit Report for fiscal years 2015-2016. The Village of Fort Jennings had unusual circumstances during this time period which included the unexpected passing of the 9-year fiscal officer, fiscal officer #2 (an experienced fiscal officer who then resigned after 10 months), and then a brand-new fiscal officer for the last 9 months of the period. As a new fiscal officer, I modeled my practices after those who went before me, which often were not even done in the same way. I realize this may not be the best way of recording transactions, but I do look up correct funds when I don't know what to do. I will continue to complete training activities and make improvements in the recording of transactions.	Immediately	Amy Luebrecht, Fiscal Officer
2016-002	As for the discrepancy in budgeted receipts, they were budgeted by the prior fiscal officer, and I was still learning what I was doing through 2016. I realized that the accounts needed corrected, but I did not have them corrected before the end of the year. I will be sure to make adjustments throughout the year from now on.	Immediately	Amy Luebrecht, Fiscal Officer



# 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  
OCTOBER 19, 2017