



**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003-2004



**Auditor of State
Betty Montgomery**

VILLAGE OF FORT JENNINGS
PUTNAM COUNTY

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**Auditor of State
Betty Montgomery**

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

October 3, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Fort Jennings, Putnam County, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient evidential matter to support the charges for services revenue reported for the Parks and Recreation Special Revenue Fund. Those activities represent 100 percent of the 2004 and 2003 charges for services revenues of the Special Revenue Fund Type and 33 and 45 percent of the total revenue for 2004 and 2003, respectively, of the Special Revenue Fund Type.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to obtain sufficient evidential matter for the Special Revenue Funds, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Fort Jennings, Putnam County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2005, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

October 3, 2005

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$11,790			\$11,790
Municipal Income Tax	73,666			73,666
Intergovernmental Receipts	66,002	\$31,742	\$116,780	214,524
Charges for Services		19,146		19,146
Fines, Licenses, and Permits	242			242
Earnings on Investments	5,921	1,692		7,613
Miscellaneous	1,878	4,439		6,317
Total Cash Receipts	159,499	57,019	116,780	333,298
Cash Disbursements:				
Current:				
Security of Persons and Property	39,740			39,740
Leisure Time Activities	290	37,057		37,347
Basic Utility Services	2,591			2,591
Transportation		39,250		39,250
General Government	47,624			47,624
Capital Outlay		766	116,780	117,546
Total Cash Disbursements	90,245	77,073	116,780	284,098
Total Receipts Over/(Under) Disbursements	69,254	(20,054)		49,200
Other Financing Receipts/(Disbursements):				
Advances-In	65,000	65,000		130,000
Advances-Out	(65,000)	(65,000)		(130,000)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	69,254	(20,054)		49,200
Fund Cash Balances, January 1	380,306	154,450		534,756
Fund Cash Balances, December 31	\$449,560	\$134,396		\$583,956
Reserves for Encumbrances, December 31	\$4,240	\$871		\$5,111

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$100,033
Fines, Licenses, and Permits	3,000
Total Operating Cash Receipts	103,033
Operating Cash Disbursements:	
Personal Services	6,308
Fringe Benefits	1,137
Contractual Services	57,885
Supplies and Materials	13,260
Total Operating Cash Disbursements	78,590
Operating Income	24,443
Non-Operating Cash Receipts:	
Miscellaneous Receipts	2,014
Non-Operating Cash Disbursements:	
Debt Service Principal	17,700
Debt Service Interest	46,449
Total Non-Operating Cash Disbursements	64,149
Excess of Disbursements Over Receipts Before Interfund Transfers	(37,692)
Transfers-In	59,177
Transfers-Out	(59,177)
Net Disbursements Over Receipts	(37,692)
Fund Cash Balances, January 1	309,695
Fund Cash Balances, December 31	\$272,003
Reserve for Encumbrances, December 31	\$9,009

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$11,860		\$11,860
Municipal Income Tax	74,197		74,197
Intergovernmental Receipts	43,815	\$29,798	73,613
Charges for Services		24,276	24,276
Fines, Licenses, and Permits	393		393
Earnings on Investments	9,672	2,621	12,293
Miscellaneous	399	5,379	5,778
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	140,336	62,074	202,410
Cash Disbursements:			
Current:			
Security of Persons and Property	39,377		39,377
Leisure Time Activities	990	34,301	35,291
Basic Utility Services	2,268		2,268
Transportation		36,358	36,358
General Government	52,376		52,376
Capital Outlay		2,166	2,166
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	95,011	72,825	167,836
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	45,325	(10,751)	34,574
Other Financing Receipts/(Disbursements):			
Transfers-In	15,000	15,000	30,000
Transfers-Out	(15,000)	(15,000)	(30,000)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	45,325	(10,751)	34,574
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	334,981	165,201	500,182
Fund Cash Balances, December 31	<u>\$380,306</u>	<u>\$154,450</u>	<u>\$534,756</u>
Reserves for Encumbrances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$3,695	\$859	\$4,554

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$99,809
Fines, Licenses, and Permits	1,500
Total Operating Cash Receipts	101,309
Operating Cash Disbursements:	
Personal Services	6,726
Fringe Benefits	1,018
Contractual Services	40,183
Supplies and Materials	13,341
Total Operating Cash Disbursements	61,268
Operating Income	40,041
Non-Operating Cash Receipts:	
Miscellaneous Receipts	3,164
Non-Operating Cash Disbursements:	
Debt Service- Principal	17,100
Debt Service- Interest	46,994
Total Non-Operating Cash Disbursements	64,094
Excess of Disbursements Over Receipts Before Interfund Transfers	(20,889)
Transfers-In	59,094
Transfers-Out	(59,094)
Net Disbursements Over Receipts	(20,889)
Fund Cash Balances, January 1	330,584
Fund Cash Balances, December 31	\$309,695
Reserve for Encumbrances, December 31	\$566

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, 2004 AND 2003**

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 governs the Village. The Village provides sewer utilities, park operations, and police services.

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

B. Basis of Accounting

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. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

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

The Village values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

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

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

OPWC Fund - This fund receives proceeds of Ohio Public Works Commission and contribution from the Jennings Local School District. The proceeds are being used to extend one of the Village's streets.

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

Sewer Debt 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. 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 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, 2004 AND 2003
(Continued)**

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$310,959	\$299,451
Certificates of deposit	545,000	545,000
Total deposits	\$855,959	\$844,451

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$155,543	\$159,499	\$3,956
Special Revenue	94,428	57,019	(37,409)
Capital Projects	55,500	116,780	61,280
Enterprise	110,560	164,224	53,664
Total	\$416,031	\$497,522	\$81,491

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$535,527	\$94,485	\$441,042
Special Revenue	193,431	77,944	115,487
Capital Projects	55,500	116,780	(61,280)
Enterprise	420,345	210,925	209,420
Total	\$1,204,803	\$500,134	\$704,669

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$157,349	\$140,336	(\$17,013)
Special Revenue	91,690	62,074	(29,616)
Enterprise	107,339	163,567	56,228
Total	<u>\$356,378</u>	<u>\$365,977</u>	<u>\$9,599</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$492,339	\$98,706	\$393,633
Special Revenue	258,283	73,684	184,599
Enterprise	432,474	185,022	247,452
Total	<u>\$1,183,096</u>	<u>\$357,412</u>	<u>\$825,684</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Projects OPWC fund by \$61,280 for the year ended December 31, 2004.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

5. LOCAL INCOME TAX

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 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.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$1,019,500	4.50%
Ohio Water Development Authority Loan	5,000	
Total	\$1,024,500	

The Ohio Water Development Authority (OWDA) interest free loan relates to engineering fees on the Village's sewer project. This loan will be repaid in annual installments of \$5,000.

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 of 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.

As required by the mortgage revenue bond covenant, the Village has established and funded a debt service reserve fund, included as an enterprise debt service fund. The balance in the fund at December 31, 2004 was \$53,597.

Amortization of the above debt, including interest, follows:

Year ending December 31:	OWDA Loan	Mortgage Revenue Bonds
2005	\$5,000	\$59,078
2006		59,084
2007		59,163
2008		59,110
2009		59,131
2010-2014		295,535
2015-2019		295,619
2020-2024		295,544
2025-2029		295,542
2030-2034		295,554
2035-2038		236,486
Total	\$5,000	\$2,009,846

7. RETIREMENT SYSTEMS

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (Members).

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

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 5 percent portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5 percent or \$25,000 of casualty losses and the lesser of 5 percent or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31:

	<u>2004</u>	<u>2003</u>
Assets	\$6,685,522	\$5,402,167
Liabilities	<u>2,227,808</u>	<u>1,871,123</u>
Members' Equity	<u><u>\$4,457,714</u></u>	<u><u>\$3,531,044</u></u>

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



**Auditor of State
Betty Montgomery**

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

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

To the Village Council:

We have audited the financial statements of the Village of Fort Jennings, Putnam County, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 3, 2005, wherein we noted we were unable to obtain sufficient evidential matter to support the revenues in the Park and Recreation Special Revenue Fund. We also noted that the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We qualified our report on the Special Revenue Fund Type because of a lack of revenue records of the Parks and Recreation Fund. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Government's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-002.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable condition 2004-002 listed above to be a material weakness. In a separate letter to the Village's management dated October 3, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001.

We intend this report solely for the information and use of the audit committee, management, and Village Council. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

October 3, 2005

VILLAGE OF FORT JENNINGS
PUTNAM COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

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

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Revised Code § 5705.41 (B) states in part that no subdivision is to expend money unless it has been appropriated as provided in this chapter. As of December 31, 2004, the Village had not appropriated for the local share of expenditures from the Ohio Public Works Commission (OPWC) Capital Projects Fund. As a result expenditures exceeded appropriations in that fund by the following amount:

<u>Fund</u>	<u>Amount Appropriated</u>	<u>Amount Expended</u>	<u>Variance</u>
OPWC Capital Project Fund	\$55,500	\$116,780	(\$61,280)

The Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk may request the Council approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

The Clerk should review the accounting and budgeting guidance for OPWC projects in Auditor of State Bulletin 2002-004.

FINDING NUMBER 2004-002

Material Weakness

There are festivals and events conducted by the Village to support the operations of the Village Park. The Village does not maintain any type of supporting documentation for these revenues which represent 33 and 45 percent, respectively, of the 2004 and 2003 Special Revenue Fund Type revenues.

Lack of supporting documentation could result in errors or irregularities occurring and not being detected during the normal course of doing business. We recommend the Village maintain support for the money making activities of the Park (festival food and beverages, canoe races, duck races, bands, etc.). The support should included documentation for the revenues received such as ticket stubs, ticket reconciliations, items ordered, items sold, etc. In addition, these records should be reconciled to the revenues reported on the Village's financial statements.



**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

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 10, 2005**