



**VILLAGE OF JENERA  
HANCOCK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005**



**Auditor of State  
Betty Montgomery**



VILLAGE OF JENERA  
HANCOCK COUNTY

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**Auditor of State  
Betty Montgomery**

Village of Jenera  
Hancock County  
103 S. Main Street  
P.O. Box 57  
Jenera, Ohio 45841-0057

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.

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**Betty Montgomery**  
Auditor of State

October 23, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Jenera  
Hancock County  
103 S. Main St., P.O. Box 57  
Jenera, Ohio 45841-0057

To the Village Council:

We have audited the accompanying financial statements of the Village of Jenera, Hancock County, (the Village) as of and for the years ended December 31, 2005 and 2004. 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.

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. We believe our audit provides a reasonable basis for our opinion.

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 years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 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.

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Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 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, 2005 and 2004, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Village of Jenera, Hancock County, as of December 31, 2005 and 2004, 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 years ended December 31, 2005 and 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 23, 2006, 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 23, 2006



**VILLAGE OF JENERA  
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$8,631		\$8,631
Special Assessments		\$4,803	4,803
Intergovernmental Receipts	63,405	8,940	72,345
Charges for Services	6,680	16,170	22,850
Earnings on Investments	3,180	606	3,786
Miscellaneous	947	398	1,345
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	82,843	30,917	113,760
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	6,867	26,344	33,211
Public Health Services	885		885
Leisure Time Activities	24,630		24,630
Community Environment	13,362		13,362
Basic Utility Services	12,303		12,303
Transportation	700	11,738	12,438
General Government	29,056		29,056
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	87,803	38,082	125,885
Total Cash Disbursements Over Cash Receipts	<hr/>	<hr/>	<hr/>
	(4,960)	(7,165)	(12,125)
<b>Other Financing Receipts</b>			
Sale of Capital Assets	<hr/>	<hr/>	<hr/>
	1,367		1,367
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	(3,593)	(7,165)	(10,758)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	102,219	64,893	167,112
<b>Fund Cash Balances, December 31</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>\$98,626</b>	<b>\$57,728</b>	<b>\$156,354</b>

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

**VILLAGE OF JENERA  
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$19,000		\$19,000
Earnings on Investment		\$33	33
Miscellaneous	209		209
Total Operating Cash Receipts	19,209	33	19,242
<b>Operating Cash Disbursements:</b>			
Personal Services	1,550		1,550
Contractual Services	20,461		20,461
Capital Outlay	59,950		59,950
Total Operating Cash Disbursements	81,961		81,961
Operating Income/(Loss)	(62,752)	33	(62,719)
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	2,500		2,500
Net Receipts Over/(Under) Disbursements	(65,252)	33	(65,219)
Fund Cash Balances, January 1	89,731	2,325	92,056
<b>Fund Cash Balances, December 31</b>	<b>\$24,479</b>	<b>\$2,358</b>	<b>\$26,837</b>

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

**VILLAGE OF JENERA  
HANCOCK 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$8,408		\$8,408
Special Assessments		\$4,283	4,283
Intergovernmental Receipts	63,544	9,426	72,970
Charges for Services	5,730	15,930	21,660
Earnings on Investments	1,773	338	2,111
Miscellaneous	2,076		2,076
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	81,531	29,977	111,508
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	4,919	17,075	21,994
Public Health Services	920		920
Leisure Time Activities	18,353		18,353
Community Environment	8,549		8,549
Basic Utility Services	10,302		10,302
Transportation	12,111	2,065	14,176
General Government	28,090		28,090
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	83,244	19,140	102,384
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,713)	10,837	9,124
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	103,932	54,056	157,988
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$102,219</b>	<b>\$64,893</b>	<b>\$167,112</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**VILLAGE OF JENERA  
HANCOCK COUNTY**

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

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$21,987		\$21,987
Earnings on Investment		\$33	33
Miscellaneous	347		347
<b>Total Operating Cash Receipts</b>	<b>22,334</b>	<b>33</b>	<b>22,367</b>
<b>Operating Cash Disbursements:</b>			
Personal Services	1,300		1,300
Contractual Services	13,308		13,308
<b>Total Operating Cash Disbursements</b>	<b>14,608</b>		<b>14,608</b>
Operating Income	7,726	33	7,759
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	2,500		2,500
Net Receipts Over Disbursements	5,226	33	5,259
Fund Cash Balances, January 1	84,505	2,292	86,797
<b>Fund Cash Balances, December 31</b>	<b>\$89,731</b>	<b>\$2,325</b>	<b>\$92,056</b>

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

**VILLAGE OF JENERA  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**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 Jenera, Hancock County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general government services, sewer utilities and park operations. The Village appropriates general fund money to support a volunteer fire department.

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**

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 JENERA  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Fire Fund – This fund receives predetermined contract amounts for services provided to Eagle, Orange and Van Buren Townships and grants for the maintenance of the Village fire department.

**3. Enterprise Fund**

This fund accounts 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 Fund:

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

**6. Fiduciary Funds (Trust Funds)**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant fiduciary fund:

Levi Vermillion Memorial Fund – This fund receives proceeds from the interest earned on the principal amount to be used for the Main Street and Town Hall.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of 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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year

**VILLAGE OF JENERA  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

A summary of 2005 and 2004 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**

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

	2005	2004
Demand deposits	\$179,853	\$255,864
Certificates of deposit	3,338	3,304
Total deposits	\$183,191	\$259,168

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,748	\$84,210	\$10,462
Special Revenue	27,200	30,917	3,717
Enterprise	21,000	19,209	(1,791)
Fiduciary	30	33	3
Total	\$121,978	\$134,369	\$12,391

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$175,239	\$87,803	\$87,436
Special Revenue	91,752	38,082	53,670
Enterprise	110,700	84,461	26,239
Fiduciary	350	350	350
Total	\$378,041	\$210,346	\$167,695

**VILLAGE OF JENERA  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$112,169	\$81,531	(\$30,638)
Special Revenue	27,300	29,977	2,677
Enterprise	22,000	22,334	334
Fiduciary	30	33	3
Total	\$161,499	\$133,875	(\$27,624)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$214,700	\$83,244	\$131,456
Special Revenue	80,900	19,140	61,760
Enterprise	106,500	17,108	89,392
Fiduciary	300	300	300
Total	\$402,400	\$119,492	\$282,908

**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. RETIREMENT SYSTEM**

The Village's officials and employees 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 JENERA  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**5. RETIREMENT SYSTEM – (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, 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, 2005.

**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 Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

VILLAGE OF JENERA  
HANCOCK COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)

6. RISK MANAGEMENT – (Continued)

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004.

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	<u>(15,994,168)</u>	<u>(13,880,038)</u>
Retained earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	<u>(1,068,245)</u>	<u>(540,073)</u>
Retained earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The Government's share of these unpaid claims is approximately \$27,946.



**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 Jenera  
Hancock County  
103 S. Main St., P.O. Box 57  
Jenera, Ohio 45841-0057

To the Village Council:

We have audited the financial statements of the Village of Jenera, Hancock County, (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 23, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 opinions 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 Village'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 finding as item 2005-001.

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. However, we do not believe the reportable condition described above is a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated October 23, 2006, we reported other matters related to noncompliance we deemed immaterial.

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 23, 2006

VILLAGE OF JENERA  
HANCOCK COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004

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

FINDING NUMBER 2005-001

**Reportable Condition**

**Sewer Utility Billing and Collections**

During testing of the sewer utility billings and collections we noted the following deficiencies:

- There is no segregation of duties with the Clerk/Treasurer maintaining both the utility records and village ledgers.
- No reconciliation is performed between the cash collections per the utility records to cash receipts posted in the cash journal and deposited in the bank.
- There is no reporting to Council on the utility collections or delinquencies.
- The Clerk/Treasurer has forgiven penalties on accounts without Council approval. In addition, no written policy exist addressing write-offs of penalties or delinquent accounts.
- Delinquencies have accumulated to \$7,235 as of December 31, 2005, which represents approximately 33% of the amount charged in 2005. One account makes up approximately 60% of the total delinquencies.

These deficiencies have resulted in reduction of sewer account receivable balances of approximately \$3,400 without Council approval. To strengthen controls and accountability over the billing and collection of sewer revenue we recommend:

- Council should perform monitoring procedures over the sewer billing and collection procedures.
- Reconciliation should be performed between the utility records and cash journal and this reconciliation should be reviewed by Council.
- Monthly reports should be provided to Council detailing the utility collections, and adjustments made to accounts and delinquencies.
- Council should enact an ordinance detailing the policy regarding write-offs and adjustments to accounts. In addition, Council should approve all write-offs and any adjustments to accounts.
- Council should review the present collection system in place and strengthen procedures on the collection from delinquent accounts.

**Officials Response**

The Clerk/Treasurer has informed Council that she wishes to resign as Utility Clerk so there can be a segregation of duties. Council will consider setting up policies for write-offs and adjustments.





**Auditor of State  
Betty Montgomery**

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**VILLAGE OF JENERA**

**HANCOCK 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 14, 2006**