



**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2006



Mary Taylor, CPA
Auditor of State

VILLAGE OF FORT JENNINGS
PUTNAM COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type - For the Year Ended December 31, 2006.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type - For the Year Ended December 31, 2005.....	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	18

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Mary Taylor, CPA
Auditor of State

Village of Fort Jennings
Putnam County
655 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 an 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 adverse 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 23, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Fort Jennings, Putnam County, (the Village) as of and for the years ended December 31, 2006 and 2005. 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 2006 and 2005 charges for services revenues of the Special Revenue Fund Type and 38 and 33 percent of the total revenue for 2006 and 2005, 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2006 and 2005, 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, 2006 and 2005, or its changes in financial position or cash flows, where applicable 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 Charges for Services Revenue, 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, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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, 2007, 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.



Mary Taylor, CPA
Auditor of State

October 23, 2007

**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, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$13,703		\$13,703
Municipal Income Tax	72,440		72,440
Intergovernmental	55,769	\$25,596	81,365
Charges for Services		20,822	20,822
Fines, Licenses and Permits	155		155
Earnings on Investments	9,692	4,235	13,927
Rental Income		1,932	1,932
Miscellaneous	3,146	1,126	4,272
	<u>154,905</u>	<u>53,711</u>	<u>208,616</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	58,725		58,725
Leisure Time Activities	1,686	18,836	20,522
Basic Utility Service	2,873		2,873
Transportation		12,050	12,050
General Government	48,264		48,264
Capital Outlay		20,185	20,185
	<u>111,548</u>	<u>51,071</u>	<u>162,619</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	43,357	2,640	45,997
Fund Cash Balances, January 1	490,550	132,027	622,577
Fund Cash Balances, December 31	<u>\$533,907</u>	<u>\$134,667</u>	<u>\$668,574</u>
Reserve for Encumbrances, December 31	<u>\$3,734</u>	<u>\$901</u>	<u>\$4,635</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 CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Proprietary Fund Type Enterprise
Operating Cash Receipts:	
Charges for Services	\$100,138
Operating Cash Disbursements:	
Personal Services	5,949
Employee Fringe Benefits	1,089
Contractual Services	61,402
Supplies and Materials	8,628
Total Operating Cash Disbursements	77,068
Operating Income	23,070
Non-Operating Cash Disbursements:	
Capital Outlay	275
Redemption of Principal	13,800
Interest and Other Fiscal Charges	45,284
Total Non-Operating Cash Disbursements	59,359
Excess of Cash Disbursements Over Cash Receipts Before Interfund Transfers	(36,289)
Transfers-In	59,149
Transfers-Out	(59,149)
Net Disbursements Over Receipts	(36,289)
Fund Cash Balances, January 1	249,457
Fund Cash Balances, December 31	\$213,168
Reserve for Encumbrances, December 31	\$2,617

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, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$11,642		\$11,642
Municipal Income Tax	73,618		73,618
Intergovernmental	67,296	\$24,799	92,095
Charges for Services		14,947	14,947
Fines, Licenses and Permits	443		443
Earnings on Investments	6,883	1,506	8,389
Rental Income		2,481	2,481
Miscellaneous	1,515	2,027	3,542
	<u>161,397</u>	<u>45,760</u>	<u>207,157</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	62,495		62,495
Leisure Time Activities	325	20,449	20,774
Basic Utility Service	2,974		2,974
Transportation		27,378	27,378
General Government	54,613		54,613
Capital Outlay		302	302
	<u>120,407</u>	<u>48,129</u>	<u>168,536</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	40,990	(2,369)	38,621
Fund Cash Balances, January 1	449,560	134,396	583,956
Fund Cash Balances, December 31	<u>\$490,550</u>	<u>\$132,027</u>	<u>\$622,577</u>
Reserve for Encumbrances, December 31	<u>\$3,328</u>	<u>\$1,347</u>	<u>\$4,675</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 CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$101,471
Fines, Licenses and Permits	1,500
	102,971
Operating Cash Disbursements:	
Personal Services	5,687
Employee Fringe Benefits	1,042
Contractual Services	42,703
Supplies and Materials	13,643
	63,075
Total Operating Cash Disbursements	63,075
Operating Income	39,896
Non-Operating Cash Receipts:	
Miscellaneous Receipts	2,386
	2,386
Non-Operating Cash Disbursements:	
Capital Outlay	750
Redemption of Principal	18,200
Interest and Other Fiscal Charges	45,878
	64,828
Total Non-Operating Cash Disbursements	64,828
Excess of Cash Disbursements Over Cash Receipts Before Interfund Transfers	(22,546)
Transfers-In	59,023
Transfers-Out	(59,023)
	(22,546)
Net Disbursements Over Receipts	(22,546)
Fund Cash Balances, January 1	272,003
Fund Cash Balances, December 31	\$249,457
Reserve for Encumbrances, December 31	\$1,006

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, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Accounting Basis

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

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

C. Cash and Investments

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

The Village values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund 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 private-purpose 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, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

3. Enterprise Funds

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

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2006 and 2005 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.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

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:

	2006	2005
Demand deposits	\$176,742	\$167,034
Certificates of deposit	705,000	705,000
Total deposits	\$881,742	\$872,034

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, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$164,309	\$154,905	(\$9,404)
Special Revenue	68,991	53,711	(15,280)
Enterprise	117,292	159,287	41,995
Total	\$350,592	\$367,903	\$17,311

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$662,147	\$115,282	\$546,865
Special Revenue	193,522	51,972	141,550
Enterprise	367,093	198,193	168,900
Total	\$1,222,762	\$365,447	\$857,315

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$159,864	\$161,397	\$1,533
Special Revenue	69,872	45,760	(24,112)
Enterprise	113,876	164,380	50,504
Total	\$343,612	\$371,537	\$27,925

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY – (CONTINUED)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$605,632	\$123,735	\$481,897
Special Revenue	204,011	49,476	154,535
Enterprise	392,222	187,932	204,290
Total	\$1,201,865	\$361,143	\$840,722

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax receipts are credited to the General Fund.

6. DEBT

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$992,500	5%

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. DEBT – (CONTINUED)

The Mortgage Revenue Bonds were issued by the United States Department of Agriculture for the Village's Sewer Project. Bonds proceeds were used to pay 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.

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, 2006, is \$53,597.

The Village has not deposited the required amount into the debt service reserve fund as required by the Village ordinance authorizing the issuance of the mortgage revenue bonds.

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

Year ending December 31:	Mortgage Revenue Bonds
2007	\$59,163
2008	59,110
2009	59,131
2010	59,120
2011	59,077
2012 - 2016	295,633
2017 - 2021	296,469
2022 - 2026	295,651
2027 - 2031	295,573
2032 - 2036	295,529
2037 - 2038	118,229
Total	\$1,892,685

7. RETIREMENT SYSTEM

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 plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Village contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

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 460 Ohio governments ("Members").

Pursuant to Section 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 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

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 obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004 (the latest information available):

	2005	2004
Assets	\$8,219,430	\$6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

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



Mary Taylor, CPA

Auditor of State

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
655 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, 2006 and 2005, and have issued our report thereon dated October 23, 2007, wherein we noted we were unable to obtain sufficient evidential matter to support the revenues in the Park and Recreation Special Revenue Fund and the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted 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. 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 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 first sentence of this 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*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding number 2006-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated October 23, 2007.

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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 23, 2007.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 23, 2007

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Material Weakness – Village Park Revenues

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 38 and 33 percent, respectively, of the 2006 and 2005 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 include 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.

Official's Response

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

FINDING NUMBER 2006-002

Noncompliance Citation / Significant Deficiency

Village of Fort Jennings, Sanitary Sewer System Mortgage Revenue Bonds Ordinance No. 230, Section 6,B (3), states the Village shall set aside and deposit in the Reserve Fund, the sum of \$493.28 each month until there is accumulated in such fund the sum of \$59,193, after which no further deposits need be made into such fund except to replace withdrawals.

The Village Reserve Fund had a balance of \$53,597 during 2006. However, beginning in May 2006, this balance is insufficient to cover the required set aside. As of December 31, 2006 the Reserve Fund is required to have a balance of \$57,220, a shortage of \$3,623.

By not setting aside the monies as stated in the Ordinance, the Village may not have funds available to meet cost of repairing or replacing any damage to the system or meet future debt payments if adequate revenues are not generated.

We recommend the Village Council post the required amounts of money into the fund towards the costs of repairs and replacement and the payment of the semiannual debt requirements.

Official's Response

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	ORC § 5705.41(B) expenditures exceeded appropriations	Yes	
2004-002	Material Weakness – Village Park Festivals and Events Record Keeping	No	Finding has not been corrected and is repeated in this report as item 2006-001



Mary Taylor, CPA
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
NOVEMBER 15, 2007**