



**Auditor of State
Betty Montgomery**

VILLAGE OF FORT JENNINGS
PUTNAM COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Fort Jennings
Putnam County
30 Oak 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, 2002 and 2001. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Village of Fort Jennings
Putnam County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

August 21, 2003

**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, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$11,091		\$11,091
Municipal Income Tax	36,844		36,844
Intergovernmental Receipts	44,455	\$18,170	62,625
Charges for Services		2,110	2,110
Fines, Licenses, and Permits	581		581
Earnings on Investments	13,253	4,259	17,512
Miscellaneous	1,775	13,585	15,360
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	107,999	38,124	146,123
Cash Disbursements:			
Current:			
Security of Persons and Property	34,656		34,656
Leisure Time Activities	422	17,419	17,841
Basic Utility Services	2,349		2,349
Transportation		14,619	14,619
General Government	40,406		40,406
Capital Outlay		4,480	4,480
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	77,833	36,518	114,351
Total Receipts Over Disbursements	30,166	1,606	31,772
Fund Cash Balances, January 1	304,815	163,595	468,410
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Fund Cash Balances, December 31	\$334,981	\$165,201	\$500,182
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserves for Encumbrances, December 31	\$2,218	\$3,672	\$5,890
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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, 2002**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$99,780
Fines, Licenses and Permits	1,535
Miscellaneous	2,309
	103,624
Operating Cash Disbursements:	
Personal Services	6,592
Fringe Benefits	931
Contractual Services	12,784
Supplies and Materials	3,956
	24,263
Operating Income	79,361
Non-Operating Cash Receipts:	
Earnings on Investments	678
Non-Operating Cash Disbursements:	
Debt Service Principal	16,600
Debt Service Interest	47,516
	64,116
Excess of Receipts Over Disbursements Before Interfund Transfers	15,923
Transfers-In	59,116
Transfers-Out	(59,116)
	15,923
Net Receipts Over Disbursements	15,923
Fund Cash Balances, January 1	314,661
Fund Cash Balances, December 31	\$330,584
Reserve for Encumbrances, December 31	\$5,449

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, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$10,784		\$10,784
Intergovernmental Receipts	45,550	\$17,937	63,487
Fines, Licenses, and Permits	155		155
Earnings on Investments	27,010	6,957	33,967
Miscellaneous	3,353	22,062	25,415
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	86,852	46,956	133,808
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	31,667		31,667
Leisure Time Activities	765	22,782	23,547
Basic Utility Services	1,833		1,833
Transportation		21,017	21,017
General Government	37,630		37,630
Capital Outlay		171	171
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	71,895	43,970	115,865
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	14,957	2,986	17,943
Fund Cash Balances, January 1	289,858	160,609	450,467
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Fund Cash Balances, December 31	\$304,815	\$163,595	\$468,410
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Reserves for Encumbrances, December 31	\$5,068	\$1,032	\$6,100
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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, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$98,261
Miscellaneous	2,883
	101,144
Operating Cash Disbursements:	
Personal Services	4,986
Fringe Benefits	979
Contractual Services	24,069
Supplies and Materials	3,900
	33,934
Total Operating Cash Disbursements	33,934
Operating Income	67,210
Non-Operating Cash Receipts:	
Earnings on Investments	1,516
Fines, Licenses and Permits	4,500
	6,016
Total Non-Operating Cash Receipts	6,016
Non-Operating Cash Disbursements:	
Debt Service Principal	16,100
Debt Service Interest	48,015
	64,115
Total Non-Operating Cash Disbursements	64,115
Excess of Receipts Over Disbursements Before Interfund Transfers	9,111
Transfers-In	59,115
Transfers-Out	(59,115)
	9,111
Net Receipts Over Disbursements	9,111
Fund Cash Balances, January 1	305,550
Fund Cash Balances, December 31	\$314,661
Reserve for Encumbrances, December 31	\$2,243

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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Fort Jennings, Putnam County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. 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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to 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, 2002 AND 2001
(Continued)**

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

3. Enterprise Funds

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

Sewer Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The 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.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$285,766	\$238,071
Certificates of deposit	545,000	545,000
Total deposits	\$830,766	\$783,071

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$82,853	\$107,999	\$25,146
Special Revenue	88,884	38,124	(50,760)
Enterprise	104,213	163,418	59,205
Total	\$275,950	\$309,541	\$33,591

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$337,668	\$80,051	\$257,617
Special Revenue	252,479	40,190	212,289
Enterprise	418,873	152,944	265,929
Total	\$1,009,020	\$273,185	\$735,835

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$81,177	\$86,852	\$5,675
Special Revenue	82,125	46,956	(35,169)
Enterprise	136,090	166,275	30,185
Total	\$299,392	\$300,083	\$691

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$372,598	\$76,963	\$295,635
Special Revenue	243,247	45,002	198,245
Enterprise	441,874	159,407	282,467
Total	\$1,057,719	\$281,372	\$776,347

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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

Starting in 2002, 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.

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$1,044,300	4.5%
Ohio Water Development Authority Loan	15,000	
Total	\$1,059,300	

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

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 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, 2002 is \$53,597.

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

Year ending December 31:	OWDA Loan	Mortgage Revenue Bonds
2003	\$5,000	\$59,094
2004	5,000	59,149
2005	5,000	59,078
2006		59,084
2007		59,163
2008 – 2012		295,540
2013 – 2017		295,595
2018 – 2022		295,547
2023 – 2027		295,561
2028 – 2032		295,591
2033 – 2037		295,536
Subsequent		59,147
Total	\$15,000	\$2,128,085

7. RETIREMENT SYSTEMS

The Village employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OPERS 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, 2002.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

**VILLAGE OF FORT JENNINGS
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed 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 coverage, 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 uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5 percent of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5 percent of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55 percent and 65 percent of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65 percent is exceeded.) The individual members are only responsible for their self-retention (deductible) amount, which vary from member to member.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Fort Jennings
Putnam County
30 Oak 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, 2002 and 2001, and have issued our report thereon dated August 21, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 21, 2003.

Village of Fort Jennings
Putnam County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and Village Council, and is not intended to be and should not be used by 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

August 21, 2003

VILLAGE OF FORT JENNINGS
PUTNAM COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-30269-001	ORC § 5705.41 (D) certification of disbursements.	Yes	



**Auditor of State
Betty Montgomery**

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800-282-0370

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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
SEPTEMBER 9, 2003**