



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF JERRY CITY
WOOD COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Jerry City
Wood County
450 Main Street
P.O. Box 298
Jerry City, Ohio 43437-0298

To the Village Council:

We have audited the accompanying financial statements of the Village of Jerry City, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. 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.

The Village posted gasoline excise taxes to the General Fund totaling \$3,436 and \$3,111 for the fiscal years ending December 31, 2000 and 1999 respectively. The use of gasoline excise tax monies is restricted to a special fund by §§ 5705.10 and 5735.27 of the Revised Code. Had these amounts been properly posted, the net effect would have been to increase the cash balance of the Special Revenue Fund Type to \$40,780 and \$26,645 for the fiscal years ending December 31, 2000 and 1999 and to decrease the fund balance of the General Fund to \$794 and (\$988) for the fiscal years ending December 31, 2000 and 1999.

In our opinion, except for the matter referred to the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and 1999, 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 July 26, 2001 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.

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.

Jim Petro
Auditor of State

July 26, 2001

**VILLAGE OF JERRY CITY
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<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	\$13,242	\$6,623		\$19,865
State Shared Taxes and Permits	10,944	14,976		25,920
Special Assessments		7,893		7,893
Intergovernmental Receipts		4,825		4,825
Fines, Licenses, and Permits	1,320			1,320
Earnings on Investments	203			203
Miscellaneous	14,574	141		14,715
	<u>40,283</u>	<u>34,458</u>		<u>74,741</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	7,832	15,593		23,425
Public Health Services	161			161
Leisure Time Activities	1,121			1,121
Transportation		7,957		7,957
General Government	23,833	209		24,042
Debt Service:				
Principal Payments	1,803			1,803
Interest Payments	315			315
	<u>35,065</u>	<u>23,759</u>		<u>58,824</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	5,218	10,699		15,917
Fund Cash Balances, January 1	2,123	23,534	\$369	26,026
Fund Cash Balances, December 31	<u>\$7,341</u>	<u>\$34,233</u>	<u>\$369</u>	<u>\$41,943</u>

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

**VILLAGE OF JERRY CITY
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<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	\$11,558	\$6,376		\$17,934
State Shared Taxes and Permits	10,282	14,435		24,717
Special Assessments		3,053		3,053
Fines, Licenses, and Permits	1,050			1,050
Earnings on Investments	353			353
Miscellaneous	4,896	720		5,616
	<u>28,139</u>	<u>24,584</u>		<u>52,723</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	12,511	13,414		25,925
Public Health Services	163			163
Leisure Time Activities	975			975
Transportation		29,354		29,354
General Government	19,899	126		20,025
Debt Service:				
Principal Payments	985			985
Interest Payments	250			250
	<u>34,783</u>	<u>42,894</u>		<u>77,677</u>
Total Cash Disbursements				
Total Disbursements Over Receipts	<u>(6,644)</u>	<u>(18,310)</u>		<u>(24,954)</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds or Notes	5,500			5,500
Transfers-In		3,000		3,000
Transfers-Out	(3,000)			(3,000)
Other Sources		4,907		4,907
	<u>2,500</u>	<u>7,907</u>		<u>10,407</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(4,144)	(10,403)		(14,547)
Fund Cash Balances, January 1	<u>6,267</u>	<u>33,937</u>	<u>\$369</u>	<u>40,573</u>
Fund Cash Balances, December 31	<u>\$2,123</u>	<u>\$23,534</u>	<u>\$369</u>	<u>\$26,026</u>

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

**VILLAGE OF JERRY CITY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Jerry City, Wood 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 general governmental services, including park operations (leisure time activities) and police and fire 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. Fund Accounting

The Village uses fund accounting to segregate cash that is 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 Funds

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.

Fire Fund - This fund receives proceeds of a fire levy to purchase and maintain fire equipment.

VILLAGE OF JERRY CITY
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Issue II Fund - This fund records activity from State Issue II grants. There was no activity in this fund during 2000 and 1999.

D. 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 or object 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. 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. The Village did not utilize the encumbrance method of accounting for the fiscal years ending December 31, 2000 and 1999.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

E. 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.

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$41,943</u>	<u>\$26,026</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF JERRY CITY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,653	\$40,283	\$5,630
Special Revenue	34,892	34,458	(434)
Total	\$69,545	\$74,741	\$5,196

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$32,744	\$35,065	(\$2,321)
Special Revenue	23,600	23,759	(159)
Total	\$56,344	\$58,824	(\$2,480)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,115	\$33,639	\$5,524
Special Revenue	31,736	32,491	755
Total	\$59,851	\$66,130	\$6,279

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$30,170	\$37,783	(\$7,613)
Special Revenue	23,900	42,894	(18,994)
Total	\$54,070	\$80,677	(\$26,607)

Contrary to Ohio Law, expenditures exceeded appropriations in the General and Special Revenue Funds for the fiscal years ended December 31, 2000 and 1999.

**VILLAGE OF JERRY CITY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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 payment, the first half is due December 31. The second half payment is due the following June 20.

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. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Note	\$14,667	8.50%
Promissory Note	2,822	8.25%
Total	\$17,489	

The General Obligation Note was issued to finance the purchase and remodeling of the Village Hall. A portion of the building is leased to the U. S. Postal Service for \$3,120 per year. Lease receipts are used for debt service payments.

The Promissory Note was issued to finance the purchase of a 1991 Chevrolet Caprice police cruiser. The loan will be repaid in monthly installments of \$176.51, including interest, over three years. The note is collateralized by the police cruiser.

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

Year ending December 31:	General Obligation Note	Promissory Note
2001	\$3,120	\$2,117
2002	3,120	882
2003	3,120	
2004	3,120	
2005	3,120	
Subsequent	3,192	
Total	\$18,792	\$2,999

VILLAGE OF JERRY CITY
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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

Village of Jerry City
Wood County
450 Main Street
P.O. Box 298
Jerry City, Ohio 43437-0298

To the Village Council:

We have audited the financial statements of the Village of Jerry City (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 26, 2001, which was qualified due to the Village improperly posting gasoline excise tax monies. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30187-001, 2000-30187-002 and 2000-30187-003.

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. We also noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 26, 2001.

Village of Jerry City
Wood County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 26, 2001

**VILLAGE OF JERRY CITY
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-30187-001

Noncompliance Citation

Ohio Revised Code § 5705.10 states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

Gasoline excise tax fund monies as described in Ohio Revised Code § 5735.27 were posted to the General Fund rather than to the Street Construction, Maintenance and Repair Fund, a Special Revenue Fund, totaling \$3,436 and \$3,111 for the fiscal years ending December 31, 2000 and 1999.

We recommend the Village refrain from posting restricted funds to the General Fund for general operations of the Village. Further, we recommend a thorough review of General Fund activity be performed by Village officials, analyzing the sources of revenue and overall expenditures. The Village should consider additional sources of funding and/or a reduction in overall expenditures of the General Fund.

FINDING NUMBER 2000-30187-002

Noncompliance Citation

Ohio Revised Code § 5705.41 (B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

The following fund had expenditures in excess of appropriations for the fiscal year ended December 31, 2000:

Fund Type	Appropriations	Expenditures	Excess
General	\$32,744	\$35,065	\$2,321

The following funds had expenditures in excess of appropriations for the fiscal year ended December 31, 1999:

Fund Type/Fund	Appropriations	Expenditures	Excess
General	\$30,170	\$37,786	\$7,616
Special Revenue:			
Street Construction, Maintenance and Repair	12,100	18,602	6,502
Fire	6,000	9,297	3,297
Permissive Tax	1,500	10,752	9,252

We recommend the Clerk-Treasurer and Village Council review and amend appropriations whenever necessary to help prevent expenditures from exceeding appropriations, provided sufficient resources are available.

FINDING NUMBER 2000-30187-003

Noncompliance Citation

Ohio Revised Code § 5705.41 (D) requires in part that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from previous encumbrance.

This section also provides two “exceptions” to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

The certificate of the fiscal officer was not present on any expenditure tested for the fiscal years ending December 31, 2000 and 1999. We recommend Village officials institute procedures to ensure all Village expenditures contain the fiscal officer certification.



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OFFICE OF THE AUDITOR

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VILLAGE OF JERRY CITY

WOOD 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
AUGUST 23, 2001**