



**Auditor of State  
Betty Montgomery**



VILLAGE OF JERRY CITY  
WOOD COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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, (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.

The Village posted homestead and rollback tax to the General Fund totaling \$2,396 and \$805 for the fiscal years ending December 31, 2002 and 2001 respectively. These monies should have been posted to Special Revenue Funds for the fire levy and fire equipment levy. Homestead and rollback monies should be posted to the appropriate fund generating the tax. Had these amounts been properly posted, the net effect would have been to increase the cash balance of the Special Revenue Fund Type to \$61,582 and \$27,874 for the fiscal years ending December 31, 2002 and 2001 and to decrease the fund balance of the General Fund to \$4,030 and \$5,314 for the fiscal years ending December 31, 2002 and 2001.

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, 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 October 8, 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.

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

October 8, 2003

**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, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$12,985	\$14,666		\$27,651
Special Assessments		4,142		4,142
Intergovernmental Receipts	15,038	17,186		32,224
Fines, Licenses, and Permits	2,207			2,207
Earnings on Investments	44			44
Miscellaneous	13,782	35,383		49,165
	<u>44,056</u>	<u>71,377</u>		<u>115,433</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	12,947	9,887		22,834
Public Health Services	206			206
Leisure Time Activities	4,294			4,294
Transportation		27,419		27,419
General Government	19,280	244		19,524
Debt Service:				
Principal Payments	4,109	1,392		5,501
Interest Payments	1,258	318		1,576
	<u>42,094</u>	<u>39,260</u>		<u>81,354</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	1,962	32,117		34,079
Fund Cash Balances, January 1	6,119	27,069	\$369	33,557
<b>Fund Cash Balances, December 31</b>	<b><u>\$8,081</u></b>	<b><u>\$59,186</u></b>	<b><u>\$369</u></b>	<b><u>\$67,636</u></b>

*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, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$12,819	\$6,433		\$19,252
Special Assessments		4,142		4,142
Intergovernmental Receipts	34,040	22,630		56,670
Fines, Licenses, and Permits	513			513
Earnings on Investments	88			88
Miscellaneous	6,102			6,102
	<u>53,562</u>	<u>33,205</u>		<u>86,767</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	5,660	17,613		23,273
Public Health Services	169			169
Leisure Time Activities	16,813			16,813
Transportation		22,587		22,587
General Government	26,974	169		27,143
Debt Service:				
Principal Payments	3,755			3,755
Interest Payments	1,413			1,413
	<u>54,784</u>	<u>40,369</u>		<u>95,153</u>
Total Cash Disbursements				
Total Disbursements Over Receipts	(1,222)	(7,164)		(8,386)
Fund Cash Balances, January 1	<u>7,341</u>	<u>34,233</u>	<u>\$369</u>	<u>41,943</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$6,119</u></b>	<b><u>\$27,069</u></b>	<b><u>\$369</u></b>	<b><u>\$33,557</u></b>

*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, 2002 AND 2001**

**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 park operations, 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. 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.

**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.

*Fire Protection Fund* -This fund receives property tax monies from the residents of the Village for fire protection.

VILLAGE OF JERRY CITY  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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 funds:

*Issue II Fund* - This fund records activity from State Issue II grants. There was no activity in this fund during 2002 and 2001.

**E. Budgetary Process**

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

**1. Appropriations**

Expenditures 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 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, 2002 and 2001

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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2002	2001
Demand Deposits	<u>\$67,636</u>	<u>\$33,557</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF JERRY CITY  
WOOD COUNTY**

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

**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	\$28,679	\$44,056	\$15,377
Special Revenue	38,385	71,377	32,992
Total	\$67,064	\$115,433	\$48,369

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,183	\$42,094	(\$8,911)
Special Revenue	51,500	39,260	12,240
Total	\$84,683	\$81,354	\$3,329

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,591	\$53,562	\$13,971
Special Revenue	31,434	33,205	1,771
Total	\$71,025	\$86,767	\$15,742

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,639	\$54,784	(\$17,145)
Special Revenue	27,900	40,369	(12,469)
Total	\$65,539	\$95,153	(\$29,614)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority for the year ended December 31, 2002, in the General fund and Permissive Tax fund by \$8,911 and \$471 respectively and for the year ended December 31, 2001, in the General fund, Street Maintenance and Repair fund, and Fire fund by \$17,145, \$9,733, and \$3,210, respectively.

**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

**VILLAGE OF JERRY CITY  
WOOD COUNTY**

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

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.

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, 2002 was as follows:

	Principal	Interest Rate
Mortgage Obligation	\$9,390	6-8%
Promissory Note	5,468	7.50%
Total	\$14,858	

The Mortgage Obligation was issued to finance the purchase of the Village Hall. A portion of the building is leased to the U.S. Postal Service for \$3,120 per year.

A Promissory Note was issued to finance the purchase of a 1994 Chevrolet Dump Truck. The loan will be repaid in monthly installments of \$214, including interest, over three years. The loan is secured by the truck.

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

Year ending December 31:	Mortgage Obligation	Promissory Note
2003	\$2,340	\$2,565
2004	3,120	2,565
2005	3,120	855
2006	1,820	
Total	\$10,400	\$5,985

**6. RETIREMENT SYSTEMS**

The Village's employees 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. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2001 and 2002. The Village has paid all contributions required through December 31, 2002.

**VILLAGE OF JERRY CITY  
WOOD COUNTY**

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

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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 accompanying financial statements of the Village of Jerry City, Wood County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated October 8, 2003, which was qualified due to the Village improperly posting homestead and rollback monies. 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 *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 audit 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 2002-001, 2002-002 and 2002-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 8, 2003.

**Internal Control over Financial Reporting**

In planning and performing our audit, 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be 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 the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2002-004.

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. 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 to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also 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 October 8, 2003.

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

October 8, 2003



**VILLAGE OF JERRY CITY  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-001**

**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. Homestead and rollback monies should be posted to the appropriate fund generating the tax. Homestead and rollback taxes were posted to the General Fund rather than the Fire Operating and Fire Equipment Funds, totaling \$2,396 and \$805 for the fiscal years ending December 31, 2002 and 2001 respectively. We recommend that the Clerk post these entries to the ledgers and in the future post revenue as distributed on the apportionment sheet from the County Auditor.

**FINDING NUMBER 2002-002**

**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, 2002:

<u>Fund Type</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	\$37,639	\$54,784	\$17,145
Street Repairs and Maintenance	11,400	21,133	9,733
Fire Operating	10,000	13,208	3,208

The following funds had expenditures in excess of appropriations for the fiscal year ended December 31, 2001:

<u>Fund Type</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	\$33,183	\$42,094	\$8,911
Permissive Tax	7,000	7,471	471

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 2002-003

#### 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. Further, contracts and orders for expenditures lacking prior certification should be null and void.

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 "(three thousand dollars as of April 7, 2003)", 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, 2002 and 2001. We recommend Village officials institute procedures to ensure all Village expenditures contain the fiscal officer certification.

### FINDING NUMBER 2002-004

#### Reportable Condition

##### Accounts not on the Village's Books

The Village received rent proceeds from the post office for renting out a portion of the Village Hall. The Clerk deposited these monies directly into a Village savings account. The bank would then make monthly debt payments from this account to the Village's loan account for the building loan. On several occasions the clerk paid the monies directly into the loan savings account. The savings account was cancelled by the bank August of 2002.

A savings account was established in 2002 for the purpose of earning interest for the police department. This savings account was closed in May of 2003.

None of the aforementioned activity for either account was posted into the Village's records.

To ensure that all activity of the Village is appropriately accounted for, we recommend that all monies due the Village be receipted in and posted to the Village's books and then subsequently paid out and posted to the appropriate expenditure line item. Audit adjustments were made to post these transactions to the books for both accounts.

**VILLAGE OF JERRY CITY  
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-30187-001	Ohio Revised Code § 5705.10, Improper posting of Gasoline Tax monies	Yes	
2000-30187-002	Ohio Revised Code § 5705.41 (B), Expenditures exceeded appropriations in several funds	No	Not corrected. Reissued as Finding Number 2002-002.
2000-30187-003	Ohio Revised Code § 5705.41(D), Non-Certification of funds	No	Not corrected, reissued as Finding Number 2002-003.





**Auditor of State  
Betty Montgomery**

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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  
NOVEMBER 6, 2003**