



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Jacksonville
Athens County
7 West Main Street
P.O. Box 185
Jacksonville, Ohio 45740

To the Village Council:

We have audited the accompanying financial statements of the Village of Jacksonville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides 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 of the Village of Jacksonville, Athens County, as of December 31, 2001 and 2000, 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 May 10, 2002, 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 audit.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under Section 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 10, 2002

**VILLAGE OF JACKSONVILLE
ATHENS 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	\$ 18,554	\$ 9,119	\$ 27,673
Special Assessments		300	300
Intergovernmental Receipts	19,050	68,546	87,596
Charges for Services		11,400	11,400
Fines, Licenses, and Permits	1,195		1,195
Earnings on Investments	915	156	1,071
Miscellaneous	2,810	1,596	4,406
	<u>42,524</u>	<u>91,117</u>	<u>133,641</u>
Total Cash Receipts			
	<u>42,524</u>	<u>91,117</u>	<u>133,641</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	12,501	11,513	24,014
Public Health Services	278		278
Leisure Time Activities	4,737		4,737
Transportation		12,648	12,648
General Government	23,793	4,300	28,093
Capital Outlay		50,000	50,000
	<u>41,309</u>	<u>78,461</u>	<u>119,770</u>
Total Cash Disbursements			
	<u>41,309</u>	<u>78,461</u>	<u>119,770</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,215</u>	<u>12,656</u>	<u>13,871</u>
Other Financing Receipts and (Disbursements):			
Other Receipts	300		300
	<u>300</u>		<u>300</u>
Total Other Financing Receipts/(Disbursements)	<u>300</u>	<u>0</u>	<u>300</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>1,515</u>	<u>12,656</u>	<u>14,171</u>
Fund Cash Balances, January 1	<u>21,168</u>	<u>34,052</u>	<u>55,220</u>
Fund Cash Balances, December 31	<u>\$ 22,683</u>	<u>\$ 46,708</u>	<u>\$ 69,391</u>

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

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 93,488	\$	\$ 93,488
Miscellaneous	2,050		2,050
	<u>95,538</u>	<u>0</u>	<u>95,538</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	3,591		3,591
Contractual Services	52,686		52,686
Supplies and Materials	3,248		3,248
Capital Outlay	100		100
	<u>59,625</u>	<u>0</u>	<u>59,625</u>
Total Operating Cash Disbursements			
Operating Income/(Loss)	<u>35,913</u>	<u>0</u>	<u>35,913</u>
Non-Operating Cash Receipts (Disbursements):			
Other Non-Operating Cash Receipts		1,475	1,475
Debt Service	(21,660)		(21,660)
Other Non-Operating Cash Disbursements	(526)	(1,425)	(1,951)
	<u>(22,186)</u>	<u>50</u>	<u>(22,136)</u>
Total Non-Operating Cash Receipts (Disbursements)			
Net Receipts Over/(Under) Disbursements	13,727	50	13,777
Fund Cash Balances, January 1	<u>44,285</u>	<u>156</u>	<u>44,441</u>
Fund Cash Balances, December 31	<u>\$ 58,012</u>	<u>\$ 206</u>	<u>\$ 58,218</u>

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

**VILLAGE OF JACKSONVILLE
ATHENS 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>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 18,823	\$ 9,315	\$	\$ 28,138
Intergovernmental Receipts	19,060	25,653		44,713
Charges for Services		9,000		9,000
Fines, Licenses, and Permits	3,957			3,957
Earnings on Investments	1,615	289		1,904
Miscellaneous	573	2,369		2,942
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	44,028	46,626	0	90,654
Cash Disbursements:				
Current:				
Security of Persons and Property	15,128	20,979		36,107
Public Health Services	241			241
Leisure Time Activities	5,771			5,771
Transportation		18,693		18,693
General Government	24,078	5,508		29,586
Debt Service:				
Principal Payments			6,773	6,773
Interest Payments			234	234
Financing and Other Debt-Service Related Payments			30	30
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	45,218	45,180	7,037	97,435
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(1,190)	1,446	(7,037)	(6,781)
Other Financing Receipts and (Disbursements):				
Other Receipts	1,436			1,436
Sale of Notes			2,537	2,537
Transfers-In			4,500	4,500
Transfers-Out	(4,500)			(4,500)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(3,064)	0	7,037	3,973
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(4,254)	1,446	0	(2,808)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	25,422	32,606	0	58,028
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 21,168	\$ 34,052	\$0	\$ 55,220

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

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 87,095	\$	\$ 87,095
Total Operating Cash Receipts	<u>87,095</u>	<u>0</u>	<u>87,095</u>
Operating Cash Disbursements:			
Personal Services	2,726		2,726
Contractual Services	57,051		57,051
Supplies and Materials	4,417		4,417
Capital Outlay	100		100
Total Operating Cash Disbursements	<u>64,294</u>	<u>0</u>	<u>64,294</u>
Operating Income/(Loss)	<u>22,801</u>	<u>0</u>	<u>22,801</u>
Non-Operating Cash Receipts (Disbursements):			
Other Non-Operating Cash Receipts	1,738	4,517	6,255
Debt Service	(18,763)		(18,763)
Other Non-Operating Cash Disbursements	(154)	(4,361)	(4,515)
Total Non-Operating Cash Receipts (Disbursements)	<u>(17,179)</u>	<u>156</u>	<u>(17,023)</u>
Net Receipts Over/(Under) Disbursements	5,622	156	5,778
Fund Cash Balances, January 1	<u>38,663</u>	<u>0</u>	<u>38,663</u>
Fund Cash Balances, December 31	<u>\$ 44,285</u>	<u>\$156</u>	<u>\$ 44,441</u>

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

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Jacksonville, Athens 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 Village Council. The Village provides general governmental services, including maintenance of streets, water utility services, park operations (leisure time activities), and fire protection services. The Village contracts with the Village of Glouster for police protection services.

The Village is associated with the Trimble Township Wastewater Treatment District, which is defined as a jointly governed organization. This organization is presented in Note 8.

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

The Village places all available funds of the Village in an interest-bearing checking account.

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 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 license tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Levy Fund- This fund receives property tax money to provide fire protection for the residents of the Village.

3. Debt Service

General Obligation Fund - Street Note - This fund receives transfers from the General Fund for the payment of principal and interest on notes issued for the purchase of street equipment.

4. 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:

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

Water Improvement Fund - This fund receives charges for services from residents for payment of principal and interest on bonds issued for past water utility improvements in the Village.

Water Trust Fund - This fund receives charges for services from residents for payment of future water utility improvements in the Village.

Guaranteed Deposit Fund - This fund receives money from deposits for water service. This money is returned when the service is discontinued.

5. Agency Fund

Agency funds are used to account for funds for which the Village is acting in an agency capacity. The Village had the following Agency Fund:

Mayor's Court Fund - This fund accounts for the financial activity of Mayor's court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2001 and 2000 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 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:

	<u>2001</u>	<u>2000</u>
Demand Deposits	<u>\$ 127,609</u>	<u>\$ 99,661</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 43,455	\$ 42,824	\$ (631)
Special Revenue	35,898	91,117	55,219
Enterprise	88,660	95,538	6,878
Total	\$ 168,013	\$ 229,479	\$ 61,466

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$ 49,725	\$ 41,309	\$ 8,416
Special Revenue	40,905	78,461	(37,556)
Enterprise	83,163	81,811	1,352
Total	\$ 173,793	\$ 201,581	\$ (27,788)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 39,400	\$ 45,464	\$ 6,064
Special Revenue	35,290	46,626	11,336
Debt Service	2,500	7,037	4,537
Enterprise	87,335	88,833	1,498
Total	\$ 164,525	\$ 187,960	\$ 23,435

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$ 54,251	\$ 49,718	\$ 4,533
Special Revenue	54,245	45,180	9,065
Debt Service	4,500	7,037	(2,537)
Enterprise	90,660	83,211	7,449
Total	\$ 203,656	\$ 185,146	\$ 18,510

Budgetary expenditures exceeded appropriation authority in the Street Construction, Maintenance and Repair fund by \$48,071 for the year ended December 31, 2001, and by \$2,537 in the Debt Service Fund for the year ended December 31, 2000. These variances were caused by audit adjustments.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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. DEBT

Debt outstanding at December 31, 2001, was as follows:

	Principal	Interest Rate
Water Improvement Bonds	\$ 259,226	5.88%

The Water Improvement Bonds relate to the replacement/installation of waterlines in the Village. Revenue from the water system has been pledged to repay this debt.

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

Year Ending December 31:	Water Improvement Bonds
2002	\$ 18,798
2003	18,799
2004	18,787
2005	18,764
2006	18,829
Subsequent	466,555
Total	\$ 560,532

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEMS

The Village's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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 2001 and 2000, PERS members contributed an amount equal 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Risk Pool Membership

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

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK MANAGEMENT (Continued)

Financial Position

PEPs financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31, 2000 and 1999 (the latest information available):

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$ 17,112,129	\$ 15,295,389
Liabilities	<u>7,715,035</u>	<u>6,636,543</u>
Retained Earnings	<u>\$ 9,397,094</u>	<u>\$ 8,658,846</u>
<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$ 1,575,614	\$ 1,118,222
Liabilities	<u>281,561</u>	<u>279,871</u>
Retained Earnings	<u>\$ 1,294,053</u>	<u>\$ 838,351</u>

8. JOINTLY GOVERNED ORGANIZATION

Trimble Township Wastewater Treatment District – The Trimble Township Wastewater Treatment District is a regional sewer district organized under Chapter 6119 of the Ohio Revised Code. The District operates under the direction of an eight member Board of Trustees whose membership is composed of two appointments from each of the participating subdivisions: Village of Trimble, Village of Jacksonville, Village of Glouster, and Trimble Township. The membership elects a President, Vice-President, and a Secretary-Treasurer, who are responsible for fiscal control of the financial resources of the District. To obtain financial information, write to the Trimble Township Wastewater Treatment District, Joy Hemsley, Secretary-Treasurer, at 18551 Jacksonville Road, P.O. Box 278, Jacksonville, Ohio 45740.

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STATE OF OHIO
OFFICE OF THE AUDITOR

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

Village of Jacksonville
Athens County
7 West Main Street
P.O. Box 185
Jacksonville, Ohio 45740-0185

To the Village Council:

We have audited the accompanying financial statements of the Village of Jacksonville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 10, 2002. 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 2001-30705-001 and 2001-30705-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 10, 2002.

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. 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 May 10, 2002.

Village of Jacksonville
Athens County
Report of Independent Accountants 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 the 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 10, 2002

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-30705-001

Finding for Adjustment

Ohio Rev. Code Section 733.40 requires that all fines, forfeitures, court costs and fees collected by the Mayor be paid to the Village treasury on the first Monday of each month. Fines collected by the Mayor's Court for traffic violations included costs due the Village of Jacksonville in the amount of \$187. These costs were not remitted to the Village.

In accordance with the foregoing facts, a finding for adjustment in the amount of \$187 is hereby issued against the Mayor's Court Fund, in favor of the General Fund.

As of the date of this report, Village management is in agreement with the aforementioned adjustment and this adjustment has been made to the Village records during fiscal year 2002; the adjustment is not reflected in the December 31, 2001 and 2000 financial statements.

FINDING NUMBER 2001-30705-002

Ohio Rev. Code Section 5705.41(D) states 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 any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

The following exceptions to this basic requirement are provided by statute:

- ▶ "Then and Now Certificate": This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- ▶ Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

During the audit period, the prior certification of the fiscal officer was not being obtained. This could result in the Village spending more money than what is available.

We recommend the Village obtain the prior certification of the Village Clerk before an obligation is incurred.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken, or Finding No Longer Valid;
1999-30705-001	A material noncompliance citation was issued for ORC 135.18. The Village's depository balances significantly exceeded the \$100,000 covered by Federal Deposit Insurance between September 14, 1999 and October 4, 1999.	Yes	N/A
1999-30705-002	A material noncompliance citation was issued for ORC 5705.41(D). The Village did not encumber purchases prior to a commitment being made.	No	Not Corrected: The finding has been repeated in the Schedule of Findings as item 2001-30705-002.
1999-30705-003	A material noncompliance citation was issued for OAC 721.15. An old water van and police cruiser were purchased by two Village Council members, one of which was the Council President's son. The Council President did not abstain from voting.	Yes	N/A
1999-30705-004	A material noncompliance citation was issued for ORC 5705.39. Appropriations exceeded estimated resources at December 31, 1999, and December 31, 1998 in several funds.	No	Not Corrected: The finding was not significant in the current audit period; however, it has been included in the Management Letter of the current audit.
1999-30705-005	A material noncompliance citation was issued for ORC 5705.41(B). Disbursements exceeded appropriations at December 31, 1999, and December 31, 1998, in several funds.	Yes	The excess reported in Note 3 was the result of audit adjustments, and did not result in a noncompliance finding.
1999-30705-006	A material finding was issued for lack of supporting documentation for the vouchers of the Village. Also noted were several vouchers that were not signed by the Village Council members.	Yes	N/A



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VILLAGE OF JACKSONVILLE

ATHENS 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
JULY 16, 2002**