

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
REGULAR AUDIT
FOR YEARS ENDED DECEMBER 31, 2005 AND 2004

BALESTRA, HARR & SCHERER, CPAs, INC.
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**Auditor of State
Betty Montgomery**

Village Council
Village of Jacksonville
38 South Sixth Street
Jacksonville, Ohio 45740

We have reviewed the *Independent Auditors' Report* of the Village of Jacksonville, Athens County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Jacksonville is responsible for compliance with these laws and regulations.

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BETTY MONTGOMERY
Auditor of State

November 6, 2006

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ATHENS COUNTY
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditors' Report

Village of Jacksonville
Athens County
38 South Sixth Street
Jacksonville, Ohio 45740

We have audited the accompanying financial statements of Village of Jacksonville, Athens County, (the Village) as of and for the years ended December 31, 2005 and 2004. 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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004 or its changes in financial position or cash flows of the proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Village of Jacksonville, Athens County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion & Analysis for the year ended December 31, 2005 and 2004. The Village has not presented Management's Discussion & Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2006, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer".

Balestra, Harr & Scherer, CPAs, Inc.

September 18, 2006

**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, 2005**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$ 23,445	\$ 13,918	\$ -	\$ 37,363
Intergovernmental	19,206	41,742	-	60,948
Charges for Services	1,600	10,200	-	11,800
Fines, Licenses, and Permits	6,954	-	-	6,954
Earnings on Investments	98	33	-	131
Other Revenue	9,699	800	-	10,499
Total Cash Receipts	61,002	66,693	-	127,695
Cash Disbursements:				
Current:				
General Government	30,982	18,387	-	49,369
Security of Persons & Property	16,356	43,167	-	59,523
Health	297	-	-	297
Transportation	-	20,371	-	20,371
Conservation - Recreation	2,830	1,645	-	4,475
Capital Outlay	452,592	-	-	452,592
Debt Service:				
Principal	-	-	14,974	14,974
Interest	-	-	7,924	7,924
Total Cash Disbursements	503,057	83,570	22,898	609,525
Total Cash Receipts Over/(Under) Cash Disbursements	(442,005)	(16,877)	(22,898)	(481,780)
Other Financing Receipts and (Disbursements):				
Sale of Fixed Assets	500	-	-	500
Transfers-In	1,278	-	22,898	24,176
Transfers-Out	(14,702)	(9,354)	-	(24,056)
Other Sources	80	-	-	80
Proceeds of Notes	452,592	-	-	452,592
Total Other Financing Receipts/(Disbursements)	439,748	(9,354)	22,898	453,292
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,307)	(26,231)	-	(28,538)
Fund Cash Balances, January 1	6,368	44,883	-	51,251
Fund Cash Balances, December 31	<u>\$ 4,061</u>	<u>\$ 18,652</u>	<u>\$ -</u>	<u>\$ 22,713</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, 2005**

	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$ 110,130	\$ -	\$ 110,130
Total Operating Cash Receipts	110,130	-	110,130
Operating Cash Disbursements:			
Personal Service	8,844	-	8,844
Contractual Services	76,330	-	76,330
Supplies and Materials	16,062	-	16,062
Debt Service:			
Redemption of Principal	4,000	-	4,000
Interest and Other Fiscal Charges	13,387	-	13,387
Total Operating Cash Disbursements	118,623	-	118,623
Operating Income/(Loss)	(8,493)	-	(8,493)
Non-Operating Cash Receipts (Disbursements):			
Other Financing Uses	(473)	-	(473)
Other Non-Operating Cash Receipts	-	7,745	7,745
Other Non-Operating Cash Disbursements	-	(7,965)	(7,965)
Transfers-Out	(120)	-	(120)
Total Non-Operating Cash Receipts (Disbursements):	(593)	(220)	(813)
Net Receipts Over/(Under) Disbursements	(9,086)	(220)	(9,306)
Fund Cash Balances, January 1, 2005	\$ 42,872	\$ 220	\$ 43,092
Fund Cash Balances, December 31, 2005	\$ 33,786	\$ -	\$ 33,786

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, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$ 22,702	\$ 19,082	\$ -	\$ 41,784
Intergovernmental	17,332	33,913	-	51,245
Charges for Services	-	15,200	-	15,200
Fines, Licenses, and Permits	7,326	457	-	7,783
Earnings on Investments	191	35	-	226
Other Revenue	-	500	-	500
	<u>47,551</u>	<u>69,187</u>	<u>-</u>	<u>116,738</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	27,819	5,268	-	33,087
Security of Persons & Property	16,396	24,597	-	40,993
Health	291	-	-	291
Transportation	-	16,230	-	16,230
Conservation - Recreation	2,691	150	-	2,841
Capital Outlay	-	1,550	-	1,550
Debt Service:				
Principal	-	-	4,000	4,000
Interest	-	-	1,294	1,294
	<u>47,197</u>	<u>47,795</u>	<u>5,294</u>	<u>100,286</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>354</u>	<u>21,392</u>	<u>(5,294)</u>	<u>16,452</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	-	-	5,294	5,294
Transfers-Out	-	(2,693)	-	(2,693)
Other Sources	488	4,306	-	4,794
Other Uses	-	(4,737)	-	(4,737)
	<u>488</u>	<u>(3,124)</u>	<u>5,294</u>	<u>2,658</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	842	18,268	-	19,110
Fund Cash Balances, January 1	<u>5,526</u>	<u>26,615</u>	<u>-</u>	<u>32,141</u>
Fund Cash Balances, December 31	<u>\$ 6,368</u>	<u>\$ 44,883</u>	<u>\$ -</u>	<u>\$ 51,251</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, 2004**

	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$ 106,812	\$ -	\$ 106,812
Total Operating Cash Receipts	<u>106,812</u>	<u>-</u>	<u>106,812</u>
Operating Cash Disbursements:			
Personal Service	8,877	-	8,877
Contractual Services	62,143	-	62,143
Supplies and Materials	7,487	-	7,487
Capital Outlay	18,581	-	18,581
Debt Service:			
Redemption of Principal	7,773	-	7,773
Interest and Other Fiscal Charges	13,887	-	13,887
Total Operating Cash Disbursements	<u>118,748</u>	<u>-</u>	<u>118,748</u>
Operating Income/(Loss)	(11,936)	-	(11,936)
Non-Operating Cash Receipts (Disbursements):			
Transfer-Out	(2,601)	-	(2,601)
Earnings on Investments	287	-	287
Other Non-Operating Cash Receipts	-	7,286	7,286
Other Non-Operating Cash Disbursements	-	(7,906)	(7,906)
Other Financing Sources - Loan Proceeds	17,085	-	17,085
Total Non-Operating Cash Receipts (Disbursements)	<u>14,771</u>	<u>(620)</u>	<u>14,151</u>
Net Receipts Over/(Under) Disbursements	2,835	(620)	2,215
Fund Cash Balances, January 1, 2004	<u>40,037</u>	<u>840</u>	<u>40,877</u>
Fund Cash Balances, December 31, 2004	<u>\$ 42,872</u>	<u>\$ 220</u>	<u>\$ 43,092</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, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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 Council, Mayor and Clerk. 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. Deposits and Investments

The Village has deposits in an interest bearing checking account and STAROhio. The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 maintaining and repairing Village streets.

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

3. Debt Service Funds

General Obligation Fund- Street Note- This fund receives transfers from the General and Street Construction, Maintenance and Repair Fund for the payment of principal and interest on a note issued for street paving.

4. Enterprise Funds

These funds accounted 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 Operating 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. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village has the following Agency Fund:

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

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2005 and 2004 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:

	2005	2004
Demand Deposits	\$33,089	\$71,639
Total Deposits	33,089	71,639
STAROhio	23,410	22,704
Total Investments	23,410	22,704
Total Deposits and Investments	\$56,499	\$94,343

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

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and December 31, 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$498,992	\$515,452	\$16,460
Special Revenue	46,922	66,693	19,771
Debt Service	0	22,898	22,898
Enterprise	132,500	110,130	(22,285)
Total	<u>\$678,414</u>	<u>\$715,215</u>	<u>\$36,844</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$511,726	\$517,759	(\$6,033)
Special Revenue	137,244	92,924	44,320
Debt Service	22,000	22,898	(898)
Enterprise	204,478	119,216	85,262
Total	<u>\$875,448</u>	<u>\$752,797</u>	<u>\$122,651</u>

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,000	\$48,039	\$5,039
Special Revenue	59,300	73,493	14,193
Debt Service	10,000	5,294	(4,706)
Enterprise	108,000	124,184	16,184
Total	<u>\$220,300</u>	<u>\$251,010</u>	<u>\$30,710</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,025	\$47,197	\$6,828
Special Revenue	104,487	55,225	49,262
Debt Service	16,000	5,294	10,706
Enterprise	169,027	121,349	47,678
Total	<u>\$343,539</u>	<u>\$229,065</u>	<u>\$114,474</u>

During 2004, budgetary expenditures exceeded appropriation authority in the FEMA Fund and Water Operating Funds by \$4,887 and \$6,433, respectively. During 2004, the appropriations exceeded available resources in the Permissive Sales Tax Fund, Street Note Fund, Backhoe Note Fund, and the Water Improvement Fund by \$3,000, \$10,000, \$6,000, and \$8,340, respectively. During 2004, estimated receipts exceeded actual receipts in the Permissive Sales Tax Fund, Street Note Fund, and the Water Improvement Fund by \$3,000, \$4,706, and \$8,340, respectively. During 2004, appropriations exceeded resources in the Backhoe Note Fund by \$6,000. During 2005, the appropriations exceeded estimated resources in the Street Note Fund and Backhoe Note Fund, by \$11,000 and \$11,000, respectively. The Fire Levy Fund, Building Note Fund, and Police Cruiser Fund, expenditures exceeded appropriations by \$2,489, \$6,014, and \$8,689, respectively, in 2005. During 2005, estimated receipts exceeded actual receipts in the Water Operating Fund by \$14,030 and the Water Improvement Fund by \$8,340. During 2005, appropriations exceeded resources in the Backhoe Note Fund and the Street Note Fund by \$11,000 and \$11,000, respectively. During 2005, appropriations exceeded available resources in the Water Improvement Fund by \$8,340.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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 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. DEBT

Debt outstanding at December 31, 2005, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Improvement Bonds	\$223,853	5.875%
General Obligation Notes	<u>465,225</u>	3.72-5.875%
Total	\$689,078	

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. The General Obligation Notes relate to the pavement of Village streets, the purchase of a backhoe for utility repairs, a police cruiser and the construction of a new fire department building. The debt will be repaid with general operating revenues of the Village.

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

Year Ending December 31:	Water Improvement Bonds	General Obligation Notes	Total
2006	\$18,829	\$46,526	\$65,355
2007	18,776	54,292	73,068
2008	18,812	40,825	59,637
2009	18,830	40,825	59,655
2010	18,830	42,117	60,947
2011-2015	93,923	200,642	294,565
2016-2020	93,900	199,630	293,530
2021-2025	93,807	189,648	283,455
Thereafter	112,552	0	112,552
Total	<u>\$488,259</u>	<u>\$814,505</u>	<u>\$1,302,764</u>

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

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 2005 and 2004, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

7. RISK MANAGEMENT

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. EP 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's 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 with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2004. The Travelers Indemnity Company reinsures specific losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2004 and 2003 (the latest available information):

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	(16,989,918)	(12,872,985)
Retained Earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>
<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	(544,771)	(792,061)
Retained Earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

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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Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with *Government Auditing Standards*

Village of Jacksonville
Athens County
38 South Sixth Street
Jacksonville, OH 45740

We have audited the financial statements of Village of Jacksonville, Athens County , Ohio (the Village), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 18, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

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 auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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 grant agreements, 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 *Governmental Auditing Standards* and which are described in the accompanying schedule of findings as items 2005-01 thru 2005-03.

We also noted certain matters that we reported to management in a separate letter dated September 18, 2006.

This report is intended solely for the information and use of the audit committee, management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

September 18, 2006

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2005-01

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

Estimated receipts exceeded actual receipts at December 31, 2004 in the Permissive Sales Tax Fund (\$3,000), Street Note Fund \$(4,706), and the Water Improvement Fund (\$8,340) and at December 31, 2005 in the Water Operating Fund (\$14,030) and Water Improvement Fund (\$8,340).

Ohio Revised Code Section 5705.36(A) (4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Village Clerk and Board of Trustees should monitor estimated and actual receipts. When it is apparent that actual receipts will fall short of budgetary estimates, the Village Clerk should obtain a reduced amended certificate from the County Budget Commission. We further recommend the Board of Trustees make corresponding reductions in appropriations.

Upon comparison of appropriations to available resources (defined as unencumbered beginning balance + actual receipts), the auditor noted appropriations in excess of available resources in the Permissive Sales Tax Fund (\$3,000), Backhoe Note Fund (\$6,000), Street Note Fund (\$4,706), and Water Improvement Fund (\$8,340) at year end 2004 and in the Water Improvement Fund \$(8,340) at year end 2005..

The Village should implement monitoring procedures to ensure compliance with 5705.36. Procedures for monitoring for compliance with this section ensures that monies are not expended in excess of allowable limits (unencumbered balances and estimated resources).

Finding Number 2005-02

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue.

In 2004, the appropriations exceeded estimated revenue in the Backhoe Note Fund by \$6,000.

In 2005, the appropriations exceeded estimated revenue in the Backhoe Note Fund and the Street Note Fund by \$11,000 and \$11,000, respectively.

Finding Number 2005-03

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. In 2004, expenditures exceeded appropriations in the FEMA Fund (\$4,887) and the Water Operating Fund (\$6,433). In 2005, expenditures exceeded appropriations in the Fire Levy Fund, Building Note Fund, and the Police Cruiser Fund by \$2,489, \$6,014, and \$8,689, respectively.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-01	Ohio Revised Code 5705.36. Amending certificates	No	Reissued Finding 2005-01
2003-02	Ohio Revised Code 5705.39. Appropriations exceeded estimated revenue.	No	Reissued, Finding 2005-02
2003-03	Ohio Revised Code 5705.41 (B). Expenditures exceeded appropriations.	No	Reissued, Finding 2005-03
2003-04	The prior certification of the fiscal officer was not being obtained as required by Ohio Revised Code Section 5705.41(D).	Yes	
2003-05	Disaster recovery plan	Yes	



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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
NOVEMBER 21, 2006**