



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF JACKSONVILLE
ATHENS COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Jacksonville
Athens County
P.O. Box 185
Jacksonville, Ohio 45740

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Jacksonville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Basis for Qualification of Opinion on General Fund Miscellaneous Receipts on the Regulatory Basis of Accounting

Miscellaneous receipts were reported at \$8,895 for the year ended December 31, 2017, which is 11 percent of total General Fund cash receipts. We were unable to obtain sufficient appropriate audit evidence supporting 20% of amounts recorded as miscellaneous receipts for the ended December 31, 2017. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

Qualification of Opinion on General Fund Miscellaneous Receipts on the Regulatory Basis of Accounting

In our opinion, except for such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient competent evidential matter to support the 2017 miscellaneous receipts in the General Fund, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the General Fund of the Village of Jacksonville, Athens County, Ohio, as of December 31, 2017, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit, described in Note 2.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Special Revenue, Capital Project, and Enterprise funds of the Village of Jacksonville, Athens County, Ohio, as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2. Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance, receipts and disbursements by fund type, and related notes of the General Fund of the Village of Jacksonville, Athens County, Ohio, as of December 31, 2018, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 29, 2020

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**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$38,626	\$20,193	\$0	\$58,819
Charges for Services	2,200	22,900	0	25,100
Intergovernmental	21,048	455,886	0	476,934
Special Assessments	5,861	0	0	5,861
Fines, Licenses, and Permits	7	0	0	7
Earnings on Investments	13	0	0	13
Miscellaneous	2,129	12,126	0	14,255
<i>Total Cash Receipts</i>	<u>69,884</u>	<u>511,105</u>	<u>0</u>	<u>580,989</u>
Cash Disbursements:				
Current:				
Security of Persons & Property	3,895	488,644	0	492,539
Leisure Time Activities	2,224	0	0	2,224
Transportation	0	19,804	0	19,804
General Government	40,780	0	0	40,780
Principal Retirement	4,381	11,795	0	16,176
Interest and Fiscal Charges	3,766	10,138	0	13,904
<i>Total Cash Disbursements</i>	<u>55,046</u>	<u>530,381</u>	<u>0</u>	<u>585,427</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,838</u>	<u>(19,276)</u>	<u>0</u>	<u>(4,438)</u>
Other Financing Receipts:				
Sale of Capital Assets	0	1,000	0	1,000
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
<i>Net Change in Fund Cash Balances</i>	14,838	(18,276)	0	(3,438)
<i>Fund Cash Balances, January 1</i>	<u>(29,427)</u>	<u>42,342</u>	<u>20,252</u>	<u>33,167</u>
Fund Cash Balances, December 31:				
Restricted	0	24,364	20,252	44,616
Unassigned	(14,589)	(298)	0	(14,887)
<i>Fund Cash Balances, December 31</i>	<u>(\$14,589)</u>	<u>\$24,066</u>	<u>\$20,252</u>	<u>\$29,729</u>

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

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2018*

	Enterprise Funds
Operating Cash Receipts	
Charges for Services	\$180,506
Miscellaneous	1,022
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>181,528</i>
	<hr/>
Operating Cash Disbursements	
Personal Services	38,028
Employee Fringe Benefits	6,221
Contractual Services	144,198
Supplies and Materials	3,579
Other	1
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>192,027</i>
	<hr/>
<i>Operating Income</i>	<i>(10,499)</i>
	<hr/>
Non-Operating Receipts (Disbursements)	
Principal Retirement	(18,674)
Interest and Other Fiscal Charges	(579)
	<hr/>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(19,253)</i>
	<hr/>
<i>Income (Loss) before Transfers</i>	<i>(29,752)</i>
	<hr/>
Transfers In	17,998
Transfers Out	(17,998)
	<hr/>
<i>Net Change in Fund Cash Balances</i>	<i>(29,752)</i>
	<hr/>
<i>Fund Cash Balances, January 1</i>	<i>208,088</i>
	<hr/>
<i>Fund Cash Balances, December 31</i>	<i>\$178,336</i>
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Village of Jacksonville, Athens County, (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government, street maintenance, water utilities, park operations, and fire protection services. The Village contracts with the Athens County Sheriff's department to provide security of persons and property.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in the following jointly governed organization and a public entity risk pool:

Jointly Governed Organization:

Trimble Township Wastewater Treatment District – A regional sewer district that also provides billing services for the Village's sewer utility services.

Public Entity Risk Pool:

Public Entities Pool of Ohio – A risk sharing pool available to Ohio local governments that provides property and casualty coverage for its members.

Notes 7 and 12 to the financial statements provides additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

FEMA Grant EMW-2016-F Fund The *FEMA Grant EMW-2016-F Fund* accounts for and reports that portion of state and federal grant money restricted for federal emergency management agency projects within the Village.

Fire Levy Fund The Fire Levy fund receives funds from a voter approved tax levy to provide fire protection services for the Village and surrounding areas.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

ODNR Playground Grant Fund This fund received grant monies from the Ohio Department of Natural Resources for the construction and subsequent maintenance of a Village playground.

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

Water Operating Fund The Water Operating Fund receives charges for services from residents to cover water service costs.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code §117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Village had one primary, interest bearing checking account during the audit period.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into two classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$4,055. Contrary to Ohio law, appropriations exceeded the Certificate of Estimated Resources in the General Fund by \$4,730 for the year ended December 31, 2018. Also contrary to Ohio law, at December 31, 2018, the General Fund had a cash deficit balance of \$29,427. Currently, management is taking steps to reduce spending and has implemented a system of accounting that will facilitate in the monitoring of the Village's finances. Management has also implemented a system of disciplinary action for any employee who fails to follow proper purchasing procedures or fails to obtain a purchase order prior to making a purchase.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,268	\$69,884	(\$5,384)
Special Revenue	599,510	512,105	(87,405)
Capital Projects	0	0	0
Enterprise	181,998	199,526	17,528
Total	\$856,776	\$781,515	(\$75,261)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$51,061	\$55,115	(\$4,054)
Special Revenue	616,306	531,605	84,701
Capital Projects	20,252	14,500	5,752
Enterprise	229,680	238,379	(8,699)
Total	\$917,299	\$839,599	\$77,700

Note 5 – Deposits

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

	2018
Demand Deposits	\$208,065

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts.

Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Note 7 – Risk Pool Management

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 10 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
Consolidated Loan (Mortgage)	\$308,221	4.50%
Water Improvement Bonds	\$136,628	5.88%
Total	\$444,849	

The Consolidated Loan (Mortgage) will be repaid from general operating receipts.

The Water Improvement Bonds relate to the replacement and installation of water lines in the Village. Revenue from the water system has been pledged to repay this debt. The Water Improvement Bond covenant requires the Village to establish and fund a debt service reserve fund. The balance in the reserve fund at December 31, 2018 is \$18,000.

Amortization

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

Year Ending December 31:	Consolidated Loan (Mortgage)	Water Improvement Bonds
2019	30,992	18,000
2020	30,992	18,000
2021	30,992	18,000
2022	30,992	18,000
2023	30,992	18,000
2024-2028	154,960	90,000
2029-2031	72,314	49,500
Total	\$382,234	\$229,500

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Jointly Governed Organizations

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 Council Members whose membership is composed of two appointments from each of the participating subdivisions which includes: 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 the fiscal control of the financial resources of the district. To obtain financial information, write to the Trimble Township Wastewater Treatment District, Jan Browning, Secretary-Treasurer, at 18551 Jacksonville Road, P.O. Box 278, Jacksonville, Ohio 45740.

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**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$39,821	\$25,632	\$0	\$65,453
Charges for Services	0	4,000	0	4,000
Intergovernmental	22,659	156,170	0	178,829
Special Assessments	8,369	0	0	8,369
Fines, Licenses, and Permits	37	0	0	37
Earnings on Investments	23	0	0	23
Miscellaneous	8,895	15,770	0	24,665
<i>Total Cash Receipts</i>	<u>79,804</u>	<u>201,572</u>	<u>0</u>	<u>281,376</u>
Cash Disbursements:				
Current:				
Security of Persons & Property	3,471	158,978	0	162,449
Leisure Time Activities	5,942	0	189	6,131
Basic Utility Services	563	395	0	958
Transportation	0	10,425	0	10,425
General Government	48,350	5,882	0	54,232
Principal Retirement	5,492	14,786	0	20,278
Interest and Fiscal Charges	2,372	5,322	0	7,694
<i>Total Cash Disbursements</i>	<u>66,190</u>	<u>195,788</u>	<u>189</u>	<u>262,167</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>13,614</u>	<u>5,784</u>	<u>(189)</u>	<u>19,209</u>
Other Financing Receipts:				
Sale of Capital Assets	0	1,153	0	1,153
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>1,153</u>	<u>0</u>	<u>1,153</u>
<i>Net Change in Fund Cash Balances</i>	13,614	6,937	(189)	20,362
<i>Fund Cash Balances, January 1</i>	<u>(43,041)</u>	<u>35,405</u>	<u>20,441</u>	<u>12,805</u>
Fund Cash Balances, December 31:				
Restricted	0	42,342	20,252	62,594
Unassigned	<u>(29,427)</u>	<u>0</u>	<u>0</u>	<u>(29,427)</u>
<i>Fund Cash Balances, December 31</i>	<u>(\$29,427)</u>	<u>\$42,342</u>	<u>\$20,252</u>	<u>\$33,167</u>

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

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2017*

	Enterprise Funds
Operating Cash Receipts	
Charges for Services	\$174,661
Miscellaneous	846
<i>Total Operating Cash Receipts</i>	<u>175,507</u>
Operating Cash Disbursements	
Personal Services	28,860
Employee Fringe Benefits	7,206
Contractual Services	80,908
Supplies and Materials	8,515
Other	53
<i>Total Operating Cash Disbursements</i>	<u>125,542</u>
<i>Operating Income</i>	<u>49,965</u>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	1,000
Capital Outlay	(9,564)
Principal Retirement	(9,768)
Interest and Other Fiscal Charges	(6,485)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(24,817)</u>
<i>Income (Loss) before Transfers</i>	25,148
Transfers In	36,002
Transfers Out	(36,002)
<i>Net Change in Fund Cash Balances</i>	25,148
<i>Fund Cash Balances, January 1</i>	<u>182,940</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$208,088</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The Village of Jacksonville, Athens County, (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government, street maintenance, water utilities, park operations, and fire protection services. The Village contracts with the Athens County Sheriff's department to provide security of persons and property.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in the following jointly governed organization and a public entity risk pool:

Jointly Governed Organization:

Trimble Township Wastewater Treatment District – A regional sewer district that also provides billing services for the Village's sewer utility services.

Public Entity Risk Pool:

Public Entities Pool of Ohio – A risk sharing pool available to Ohio local governments that provides property and casualty coverage for its members.

Notes 7 and 12 to the financial statements provides additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Levy Fund The Fire Levy fund receives funds from a voter approved tax levy to provide fire protection services for the Village and surrounding areas.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

ODNR Playground Grant Fund This fund received grant monies from the Ohio Department of Natural Resources for the construction and subsequent maintenance of a Village playground.

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

Water Operating Fund The Water Operating Fund receives charges for services from residents to cover water service costs.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code §117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2017 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Village had one primary, interest bearing checking account during the audit period.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into two classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, appropriations exceeded the Certificate of Estimated Resources in the General Fund, FEMA Grant EMW-2016-FV-00813 Fund (2052), and Water Fountain Project Fund (4902) by \$41,824, \$423,334, and \$20, respectively, for the year ended December 31, 2017. Also contrary to Ohio law, at December 31, 2017, the General Fund had a cash deficit balance of \$29,427. Currently, management is taking steps to reduce spending and has implemented a system of accounting that will facilitate in the monitoring of the Village's finances.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,911	\$79,804	\$2,893
Special Revenue	203,372	202,725	(647)
Capital Projects	0	0	0
Enterprise	204,002	212,509	8,507
Total	\$484,285	\$495,038	\$10,753

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$74,655	\$67,153	\$7,502
Special Revenue	633,091	195,788	437,303
Capital Projects	20,461	189	20,272
Enterprise	203,240	194,286	8,954
Total	\$931,447	\$457,416	\$474,031

Note 5 – Deposits

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

	2017
Demand Deposits	\$241,255

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Note 7 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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 coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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 auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$6,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

2017 Contributions to PEP
\$ 9,731

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 1 percent during calendar year 2017.

Note 10 – Debt

Debt outstanding at December 31, 2017, was as follows:

	Principal	Interest Rate
Consolidated Loan (Mortgage)	\$325,071	4.50%
Water Improvement Bonds	\$146,048	5.88%
Total	\$471,119	

The Consolidated Loan (Mortgage) will be repaid from general operating receipts.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

The Water Improvement Bonds relate to the replacement and installation of water lines in the Village. Revenue from the water system has been pledged to repay this debt. The Water Improvement Bond covenant requires the Village to establish and fund a debt service reserve fund. The balance in the reserve fund at December 31, 2017 is \$18,000.

Amortization

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

Year Ending December 31:	Consolidated Loan (Mortgage)	Water Improvement Bonds
2018	\$30,992	\$18,000
2019	30,992	18,000
2020	30,992	18,000
2021	30,992	18,000
2022	30,992	18,000
2023-2027	154,960	90,000
2028-2031	103,306	67,500
Total	<u>\$413,226</u>	<u>\$247,500</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Jointly Governed Organizations

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 Council Members whose membership is composed of two appointments from each of the participating subdivisions which includes: 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 the fiscal control of the financial resources of the district. To obtain financial information, write to the Trimble Township Wastewater Treatment District, Jan Browning, Secretary-Treasurer, at 18551 Jacksonville Road, P.O. Box 278, Jacksonville, Ohio 45740.

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Jacksonville
Athens County
P.O. Box 185
Jacksonville, Ohio 45740

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Jacksonville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated January 29, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also qualified our opinion on miscellaneous receipts in the General Fund.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2018-001 and 2018-005 through 2018-007 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2018-001 through 2018-004.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 29, 2020

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

Noncompliance and Material Weakness

Ohio Rev. Code § 149.351(A) establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law.

Further, Ohio Admin. Code § 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During 2017, the Village failed to maintain support for a projected \$1,782 of Miscellaneous receipts in the General Fund. Additionally, the Village did not establish another method to support accuracy of the receipt source.

Lack of adequate supporting documentation caused by improper management eliminated a significant control point, obscured the audit trail and provided for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period. Further, it prevented determination of proper public purpose or proper posting. Further as completeness could not be determined over Miscellaneous receipts, which accounted for 11% of total receipts in the General Fund, it resulted in a qualified opinion on the opinion unit's Miscellaneous receipts.

The Fiscal Officer should maintain all pertinent accounting records in a secure location, monitor receipts, and retain adequate supporting documentation for all receipts. Further, control procedures should be implemented to ensure completeness over receipts.

Official's Response: We are aware of this problem. We have implemented additional procedures to help ensure adequate support will be maintained.

FINDING NUMBER 2018-002

Noncompliance

Ohio Revised Code § 5705.10(I) provides that money paid into a fund must be used only for the purpose for which such fund has been established.

The Village held a negative fund balance in the General Fund at December 31, 2018 and 2017 of \$14,589 and \$29,427, respectively. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund and indicated financial difficulties.

Money paid into a fund should be used only for the purpose for which such fund was established. The Village should continue taking the necessary steps to reduce spending, increase revenues, or both.

Official's Response: The Village has entered into a monitoring agreement with the State of Ohio Local Government Services and is regularly forecasting changes and updating a deficit recovery plan. We have continued to tackle this problem with some success as the balance in the General Fund at December 31, 2019 was positive.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-003

Noncompliance

Ohio Rev. Code § 5705.39 provides, in part, the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.

At December 31, 2018, appropriations exceeded estimated resources as follows:

Fund	Appropriations as Approved by Council	Estimated Resources, as Certified	Amount by which Appropriations exceed Estimated Resources
General Fund	\$50,098	\$45,368	\$4,730

At December 31, 2017, appropriations exceeded estimated resources as follows:

Fund	Appropriations as Approved by Council	Estimated Resources, as Certified	Amount by which Appropriations exceed Estimated Resources
General Fund	\$70,461	\$28,638	\$41,824
FEMA Grant (2052)	423,334	-	423,334
Water Fountain Project Fund (4902)	191	171	20

The failure to limit appropriations to estimated resources can result in negative fund balances. The overages were due to oversight by the Fiscal Officer.

The Council should not approve appropriations that exceed estimated resources. All approved appropriation resolutions and amendments should be filed with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources.

Official's Response: The Village has entered into a monitoring agreement with the State of Ohio Local Government Services and is regularly forecasting changes and updating a deficit recovery plan.

FINDING NUMBER 2018-004

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been appropriated.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-004 (Continued)

Noncompliance- Ohio Rev. Code § 5705.41(B)(Continued)

At December 31, 2018, expenditures exceeded appropriations in the following funds:

Fund	Appropriations as Approved by Council	Budgetary Expenditures	Amount by which Budgetary Expenditures exceed Appropriations
General Fund	51,061	55,115	4,055
Fire Fund (2901)	72,524	86,932	14,409
Water Operating Fund (5101)	211,680	220,379	8,699

This was an oversight by the Fiscal Officer and Council. The practice of allowing expenditures to exceed appropriations could result in negative fund balances.

The Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, Council should adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reducing spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

Official's Response: We will more closely monitor appropriation and budgetary amounts and amend appropriations as needed.

FINDING NUMBER 2018-005

Material Weakness- Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Fiscal Officer classified certain transactions incorrectly resulting in material audit adjustments.

During 2017:

- In the General Fund, receipts relating to property tax rollbacks were misclassified resulting in a decrease to Property and Other Taxes and an increase in Intergovernmental receipts of \$2,922, respectively.
- In the USDA Water Improvement Bond Fund (5721), debt payments as posted did not properly reflect the portions relating to principal and interest resulting in an increase in Interest and Other Fiscal Charges and a decrease in Principal Retirement of \$6,077, respectively.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-005 (Continued)

Material Weakness- Financial Reporting (Continued)

During 2018, in the General Fund, the Fiscal Officer posted adjustments to reallocate payroll expenditures to reasonable funds. However, she posted the adjustment to the beginning fund balance rather than to the related expenditure line resulting in a decrease in Fund Cash Balances, January 1 and General Government of \$4,371.

Further, the Notes to the Financial Statements required significant audit adjustments. These misstatements were caused by confusion over proper classifications. As a result, reclassifications/adjustments, with which the Village's management agrees, were made to the financial statements. These reclassifications/adjustments are reflected in the accompanying financial statements.

The Fiscal Officer should review the audit adjustments for proper classification and take additional care in posting transactions to the Village's ledgers in order to ensure the financial statements reflect the appropriate classifications.

Official's Response: We have discussed this issue and will be able to correct this moving forward.

FINDING NUMBER 2018-006

Material Weakness- Segregation of Duties

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Village's staff did not allow for an adequate segregation of duties; the Village Fiscal Officer performed most accounting functions. Council did monitor the fund balance, budgeted vs. actual; revenue reports, budgeted vs. actual disbursement reports, payment listings, receipt listings, and bank reconciliations monthly to monitor financial activity closely.

However, no additional monitoring was performed at a disaggregated level over miscellaneous receipts or utilities that would adequately compensate for the missing layer of segregation. This could result in errors and omissions in posting to occur and not be identified in a timely manner.

Council and management should design and implement controls over utility and miscellaneous receipts to provide adequate segregation of duties. These controls should be evidenced by documentation on file such as additional signatures indicating review.

Official's Response: We have implemented procedures that should correct this issue moving forward.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-007

Material Weakness- Budgetary Amounts in Accounting System

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

At December 31, 2017, the amounts in the accounting system varied from those properly approved as follows:

Fund	Appropriations as Approved by Council	Appropriations per the Accounting System	Variance
General Fund	74,655	77,333	(2,678)
Fire Fund (2901)	184,818	189,354	(4,536)
Water Operating Fund (5101)	167,239	176,739	(9,500)
			-
Fund	Estimated Receipts as Approved by Budget Commission	Estimated Receipts per the Accounting System	Variance
FEMA Grant EMW-2016-FV-00813 (2052)	-	423,334	(423,334)
Water Improvement Reserve	18,000	-	18,000

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations and amendments thereof approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources and amendments thereof were not properly posted to the accounting system.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-007 (Continued)

Material Weakness- Budgetary Amounts in Accounting System (Continued)

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the Budget Commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Official's Response: We will endeavor to keep the accounting system updated with all measures approved by Council.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Noncompliance [ORC § 121.22(C)] issued for failure to maintain adequate record of open meetings of Council.	Fully Corrected	N/A
2016-002	Noncompliance [ORC § 149.351(A)] and material weakness issued for failure to maintain adequate supporting documentation over miscellaneous receipts resulting in qualification of opinion.	Not Corrected	We are aware of this problem. We have implemented additional procedures to help ensure adequate support will be maintained.
2016-003	Noncompliance [ORC § 733.28] and material weakness issued for failure to properly reconcile the Mayor's Court and Water accounts bank statements to the cash journal monthly.	Fully Corrected	N/A
2016-004	Noncompliance [ORC § 1905.21] and material weakness issued for failure to maintain required Mayor's Court records resulting in disclaimer of opinion.	Fully Corrected	N/A
2016-005	Noncompliance [ORC § 5705.10(I)] for negative balance in the General Fund.	Not Corrected	The Village has entered into a monitoring agreement with the State of Ohio Local Government Services and is regularly forecasting changes and updating a deficit recovery plan. We have continued to tackle this problem with some success as the balance in the General Fund at December 31, 2019 was positive.
2016-006	Noncompliance [ORC § 5705.39] for appropriations exceeding estimated resources.	Not Corrected	The Village has entered into a monitoring agreement with the State of Ohio Local Government Services and is regularly forecasting changes and updating a deficit recovery plan.
2016-007	Noncompliance [ORC § 5705.41(B)] for expenditures exceeding formally approved appropriations.	Not Corrected	We will more closely monitor appropriation and budgetary amounts and amend appropriations as needed.
2016-008	Noncompliance [OAC § 117-2-02] and Material Weakness for inadequately documented fire contracts.	Fully Corrected	N/A
2016-009	Material Weakness for improper postings resulting in audit adjustments.	Not Corrected	We have discussed this issue and will be able to correct this moving forward.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

Finding Number	Finding Summary	Status	Additional Information
2016-010	Material Weakness for budgetary system variances.	Not Corrected	We will endeavor to keep the accounting system updated with all measures approved by Council.
2016-011	Material Weakness for Segregation of Duties and lack of compensating controls.	Not Corrected	We have implemented procedures that should correct this issue moving forward.

OHIO AUDITOR OF STATE KEITH FABER



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
FEBRUARY, 11 2020**