



Dave Yost • Auditor of State

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY
DECEMBER 31, 2016 AND 2015**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2016.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2016.....	6
Notes to the Financial Statements - December 31, 2016.....	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015.....	15
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2015.....	16
Notes to the Financial Statements - December 31, 2015.....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	37

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Dave Yost • Auditor of State

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, 2016 and 2015.

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 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.

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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, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

Basis for Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting

Other non-operating receipts are reported at \$485 and \$50 for the years ended December 31, 2016 and 2015, respectively, which is 100% of Fiduciary Fund receipts for the years ended December 31, 2016 and 2015. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded other non-operating receipts.

Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting

Because of the significance of other non-operating receipts to the Fiduciary Fund Type, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Fiduciary Fund Type of the Village of Jacksonville, Athens County, Ohio, for the years ended December 31, 2016 and 2015.

Basis for Qualification of Opinion on Special Revenue Miscellaneous Receipts on the Regulatory Basis of Accounting

Miscellaneous receipts are reported at \$18,842 for the year ended December 31, 2015, which is 23 percent of total Special Revenue Fund operating receipts for the ended December 31, 2015. We were unable to obtain sufficient appropriate audit evidence supporting 32% of amounts recorded as miscellaneous receipts for the ended December 31, 2015. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

Qualification of Opinion on Special Revenue Miscellaneous Receipts on the Regulatory Basis of Accounting

Also, 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 2015 miscellaneous receipts in the Special Revenue Funds, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Special Revenue Funds of the Village of Jacksonville, Athens County, Ohio, as of December 31, 2015, 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.

Unmodified Opinions

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the General Fund and Enterprise Funds, of the Village of Jacksonville, Athens County, Ohio, as of December 31, 2016 and 2015, and of the Special Revenue Funds as of December 31, 2016, 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 1.

Emphasis of Matter

As discussed in Note 3 to the 2015 financial statements, the Street Light Special Revenue Fund was eliminated based on the levy language and all activity relating to the street lights were reclassified into the General Fund. The General, Special Revenue and Enterprise Fund balances also include restatement amounts resulting from the correction of 2014 cost allocations. As a result, the January 1, 2015 fund balances were restated in the General Fund, increasing it by \$43,409, the Special Revenue Funds, decreasing them by \$43,249 and the Enterprise Funds, decreasing them by \$160. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2017, 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.



Dave Yost
Auditor of State
Columbus, Ohio

October 24, 2017

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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, 2016*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$51,312	\$20,136	\$0	\$71,448
Intergovernmental	22,868	36,556	0	59,424
Charges for Services	0	29,700	0	29,700
Fines, Licenses and Permits	20	0	0	20
Earnings on Investments	17	0	0	17
Miscellaneous	6,218	11,415	0	17,633
<i>Total Cash Receipts</i>	<u>80,435</u>	<u>97,807</u>	<u>0</u>	<u>178,242</u>
Cash Disbursements				
Current:				
Security of Persons and Property	8,814	40,719	0	49,533
Public Health Services	0	0	3,409	3,409
Leisure Time Activities	205	782	0	987
Basic Utility Services	1,014	0	0	1,014
Transportation	0	3,797	0	3,797
General Government	47,124	18,334	0	65,458
Debt Service:				
Principal Retirement	0	15,343	0	15,343
Interest and Fiscal Charges	0	15,994	0	15,994
<i>Total Cash Disbursements</i>	<u>57,157</u>	<u>94,969</u>	<u>3,409</u>	<u>155,535</u>
<i>Net Change in Fund Cash Balances</i>	23,278	2,838	(3,409)	22,707
<i>Fund Cash Balances, January 1</i>	<u>(66,319)</u>	<u>32,567</u>	<u>23,850</u>	<u>(9,902)</u>
Fund Cash Balances, December 31				
Restricted	0	35,405	20,441	55,846
Unassigned (Deficit)	<u>(43,041)</u>	<u>0</u>	<u>0</u>	<u>(43,041)</u>
<i>Fund Cash Balances, December 31</i>	<u>(\$43,041)</u>	<u>\$35,405</u>	<u>\$20,441</u>	<u>\$12,805</u>

See accompanying notes to the basic financial statements.

Village of Jacksonville
Athens County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2016*

	Proprietary Fund Type <u>Enterprise</u>	Fiduciary Fund Type <u>Agency</u>	Total (Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$162,699	\$0	\$162,699
Miscellaneous	2,847	0	2,847
<i>Total Operating Cash Receipts</i>	<u>165,546</u>	<u>0</u>	<u>165,546</u>
Operating Cash Disbursements			
Personal Services	19,741	0	19,741
Employee Fringe Benefits	2,343	0	2,343
Contractual Services	72,328	0	72,328
Supplies and Materials	18,205	0	18,205
Other	6,633	0	6,633
<i>Total Operating Cash Disbursements</i>	<u>119,250</u>	<u>0</u>	<u>119,250</u>
<i>Operating Income</i>	<u>46,296</u>	<u>0</u>	<u>46,296</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	3,780	0	3,780
Miscellaneous Receipts	2,215	0	2,215
Principal Retirement	(8,402)	0	(8,402)
Interest and Other Fiscal Charges	(9,598)	0	(9,598)
Other Financing Uses	0	(50)	(50)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(12,005)</u>	<u>(50)</u>	<u>(12,055)</u>
<i>Income (Loss) before Transfers</i>	34,291	(50)	34,241
Transfers In	6,460	0	6,460
Transfers Out	(6,460)	0	(6,460)
<i>Net Change in Fund Cash Balances</i>	34,291	(50)	34,241
<i>Fund Cash Balances, January 1</i>	<u>148,649</u>	<u>50</u>	<u>148,699</u>
<i>Fund Cash Balances, December 31</i>	<u>\$182,940</u>	<u>\$0</u>	<u>\$182,940</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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, park operations, water utility and fire protection services. The Village contracts with the Athens County Sheriff's department to provide security of persons and property.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

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 water 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 11 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 and fiduciary 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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Special Revenue Funds (Continued)

Fire Fund Levy This fund receives property tax from a levy approved by voters to provide fire protection serviced for the Village.

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 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 This fund receives charges for services from residents to cover water service costs.

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

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court fines and forfeitures.

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 Board 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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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 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 in the subsequent year.

A summary of 2016 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.

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.

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:

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.

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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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, Street Construction, Maintenance and Repair, Fire Levy and Water Operating Funds by \$17,532, \$1,241, \$7,382 and \$19,956, respectively, for the year ended December 31, 2016. Total current year appropriations exceeded estimated resources in the General Fund by \$43,481 at December 31, 2016. Also contrary to Ohio law, at December 31, 2016, the General Fund had a cash deficit balance of \$43,041. 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.

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,695	\$80,435	\$12,740
Special Revenue	83,767	97,807	14,040
Capital Projects	0	0	0
Enterprise	157,811	178,001	20,190
Total	\$309,273	\$356,243	\$46,970

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$43,819	\$61,351	(\$17,532)
Special Revenue	91,760	97,582	(5,822)
Capital Projects	3,600	3,429	171
Enterprise	137,625	157,581	(19,956)
Total	\$276,804	\$319,943	(\$43,139)

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 5 - Deposits

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

	2016
	<hr/>
Demand deposits	\$195,745
	<hr/> <hr/>

Deposits are insured by the Federal Deposit Insurance Corporation.

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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, 2016, 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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 7 - Risk Management (Continued)

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, 2016:

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, 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.

<u>2016 Contributions to PEP</u>
\$ 9,605

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

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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Social Security

Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 8 - Defined Benefit Pension Plans (Continued)

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, 2016.

Note 9 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 10 - Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Consolidating Loan (Mortgage)	\$341,175	5.016%
Water Improvement Bonds	154,971	5.875%
Total	\$496,146	

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, 2016 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
2017	\$30,992	\$18,000
2018	30,992	18,000
2019	30,992	18,000
2020	30,992	18,000
2021	30,992	18,000
2022-2026	154,960	90,000
2027-2031	134,298	85,500
Total	\$444,218	\$265,500

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 11 - 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.

Note 12 - 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 13- Subsequent Events

In April 2017, the Fire Department was awarded a \$135,000 grant through the Ohio Department of Commerce for equipment. The Village is currently in discussions with the State of Ohio as this grant is a reimbursing grant; the Village does not have the available resources to make the payment to the vendors and wait for a reimbursement for this amount.

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, 2015*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$46,972	\$18,480	\$0	\$65,452
Intergovernmental	21,007	29,645	3,600	54,252
Charges for Services	0	10,500	0	10,500
Fines, Licenses and Permits	415	0	0	415
Earnings on Investments	17	0	0	17
Miscellaneous	318	18,842	0	19,160
<i>Total Cash Receipts</i>	<u>68,729</u>	<u>77,467</u>	<u>3,600</u>	<u>149,796</u>
Cash Disbursements				
Current:				
Security of Persons and Property	13,964	39,122	0	53,086
Leisure Time Activities	202	0	0	202
Basic Utility Services	1,216	1,253	0	2,469
Transportation	0	8,246	0	8,246
General Government	34,164	21,633	0	55,797
Debt Service:			0	
Principal Retirement	0	14,550	0	14,550
Interest and Fiscal Charges	0	16,674	0	16,674
<i>Total Cash Disbursements</i>	<u>49,546</u>	<u>101,478</u>	<u>0</u>	<u>151,024</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,183</u>	<u>(24,011)</u>	<u>3,600</u>	<u>(1,228)</u>
Other Financing Receipts				
Other Financing Sources	2,097	0	0	2,097
<i>Total Other Financing Receipts</i>	<u>2,097</u>	<u>0</u>	<u>0</u>	<u>2,097</u>
<i>Net Change in Fund Cash Balances</i>	21,280	(24,011)	3,600	869
<i>Fund Cash Balances, January 1, restated</i>	<u>(87,599)</u>	<u>56,578</u>	<u>20,250</u>	<u>(10,771)</u>
Fund Cash Balances, December 31				
Restricted	0	32,567	23,850	56,417
Unassigned (Deficit)	(66,319)	0	0	(66,319)
<i>Fund Cash Balances, December 31</i>	<u>(\$66,319)</u>	<u>\$32,567</u>	<u>\$23,850</u>	<u>(\$9,902)</u>

See accompanying notes to the basic financial statements.

Village of Jacksonville
Athens County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2015*

	Proprietary Fund Type <u>Enterprise</u>	Fiduciary Fund Type <u>Agency</u>	Total (Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$154,415	\$0	\$154,415
Miscellaneous	491	0	491
<i>Total Operating Cash Receipts</i>	<u>154,906</u>	<u>0</u>	<u>154,906</u>
Operating Cash Disbursements			
Personal Services	15,138	0	15,138
Employee Fringe Benefits	1,977	0	1,977
Contractual Services	80,398	0	80,398
Supplies and Materials	26,322	0	26,322
Other	13,465	0	13,465
<i>Total Operating Cash Disbursements</i>	<u>137,300</u>	<u>0</u>	<u>137,300</u>
<i>Operating Income (Loss)</i>	<u>17,606</u>	<u>0</u>	<u>17,606</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	3,395	0	3,395
Miscellaneous Receipts	1,050	0	1,050
Principal Retirement	(7,936)	0	(7,936)
Interest and Other Fiscal Charges	(10,064)	0	(10,064)
Other Financing Sources	0	485	485
Other Financing Uses	0	(440)	(440)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(13,555)</u>	<u>45</u>	<u>(13,510)</u>
<i>Net Change in Fund Cash Balances</i>	4,051	45	4,096
<i>Fund Cash Balances, January 1, restated</i>	<u>144,598</u>	<u>5</u>	<u>144,603</u>
<i>Fund Cash Balances, December 31</i>	<u>\$148,649</u>	<u>\$50</u>	<u>\$148,699</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, park operations, water utility and fire protection services. The Village contracts with the Athens County Sheriff's department to provide security of persons and property.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

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 water 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 8 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 and fiduciary 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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Special Revenue Funds (Continued)

Fire Fund Levy This fund receives property tax from a levy approved by voters to provide fire protection serviced for the Village.

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

Water Fountain Project Fund This fund received proceeds from the Athens County Health Department grant for the construction of a new water fountain in the park.

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 Fund:

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

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court fines and forfeitures.

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 Board 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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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 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 in the subsequent year.

A summary of 2016 budgetary activity appears in Note 6.

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.

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.

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:

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.

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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 - Restatement of Beginning Fund Balances

During 2015, the Village determined that the Street Light Fund, previously reported as a special revenue fund, should be included in the General Fund based on the levy language. Further, the Village reclassified various payments from 2014 to a more appropriate fund. As a result, beginning balances were restated as follows:

Fund Type	Audited 12/31/14 Balance	Adjustment	Restated 01/01/15 Balance
General Fund	(\$131,008)	\$43,409	(\$87,599)
Special Revenue Funds	99,828	(43,250)	\$56,578
Entreprise Funds	144,757	(159)	\$144,598

Note 4 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Fund and Water Operating Fund by \$21,895 and \$6,302, respectively, for the year ended December 31, 2015. Also contrary to Ohio law, at December 31, 2015, total current year appropriations exceeded estimated resources in the General Fund by \$52,295. Also contrary to Ohio law, at December 31, 2015, the General Fund had a cash deficit balance of \$66,319. 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.

Note 5 - Deposits

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

Demand deposits	2015 \$138,797
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Deposits are insured by the Federal Deposit Insurance Corporation.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 6 - Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,000	\$70,826	(\$39,174)
Special Revenue	82,600	77,467	(5,133)
Capital Projects	0	3,600	3,600
Enterprise	175,597	159,351	(16,246)
Total	\$368,197	\$311,244	(\$56,953)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$70,160	\$50,146	\$20,014
Special Revenue	83,120	102,807	(19,687)
Capital Projects	0	0	0
Enterprise	150,000	156,301	(6,301)
Total	\$303,280	\$309,254	(\$5,974)

Note 7 - 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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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 8 - 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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 8 - Risk Management (Continued)

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, 2016, 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, 2015:

	2015
Assets	\$38,307,677
Liabilities	<u>(12,759,127)</u>
Net Position	<u>\$25,548,550</u>

At December 31, 2015 the liabilities above include approximately 11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.0 million of unpaid claims to be billed. The Pool's membership increased to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$5,000.

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.

2015 Contributions to PEP
\$ 7,826

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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Social Security

Village's 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, 2016.

Note 10 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 11 - Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Consoliating Loan (Mortgage)	\$341,175	5.016%
Water Improvement Bonds	154,971	5.875%
Total	\$496,146	

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, 2015 is \$18,000

Amortization

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

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 11 - Debt (Continued)

Year ending December 31:	Consolidated Loan(Mortgage)	Water Improvement Bonds
2016	\$30,992	\$18,000
2017	30,992	18,000
2018	30,992	18,000
2019	30,992	18,000
2020	30,992	18,000
2021-2025	154,960	90,000
2026-2030	154,960	90,000
2031-2035	10,330	13,500
Total	\$475,210	\$283,500

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.

Note 13 - 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.



Dave Yost • Auditor of State

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, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We did not express an opinion on the Fiduciary Fund Type. We also qualified our opinion on miscellaneous receipts in the Special Revenue Funds. We also noted the Village restated the beginning January 1, 2015 Street Light Special Revenue Fund as a result of reclassifying it into to the General Fund. The General, Special Revenue and Enterprise Fund balances were also restated due to corrections of prior period cost allocations. As a result, the January 1, 2015 fund balances were restated in the General Fund, increasing it by \$43,409, the Special Revenue Funds, decreasing them by \$43,249 and the Enterprise Funds, decreasing them by \$160.

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 2016-002 through 2016-004 and 2016-008 through 2016-011 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 2016-001 through 2016-008.

Entity's Responses to Findings

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses 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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

October 24, 2017

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Noncompliance

Ohio Rev. Code § 121.22(C) provides, in part, that all official actions of Council and all pertinent information shall be recorded in the record of proceedings (minutes). The minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection.

The Village Council could not provide copies of the February or March 2015 Council meeting minutes as a previous Fiscal Officer maintained those records on his personal computer. The Fiscal Officer passed away in 2015 leaving the Village unable to retrieve the documents from the personal computer. Failure to maintain the proper record of Council meetings leads to a lack of transparency in the eyes of the public and an inability to support actions taken by the Council. A resolution, rule, or formal action of any kind is invalid unless adopted in an open meeting of the public body.

The Fiscal Officer should timely record all pertinent information in the minute record in sufficient detail to allow for documentation of the actions of the Council. Further, this documentation should be timely printed to allow for Village Council signature to certify the accuracy of the record.

Official's Response: The Village of Jacksonville has taken necessary steps to ensure that, beginning in 2017, all Minutes are maintained in hard copy form as well as on the Village owned computer. No files are kept on any personal computers. All actions of Council are publicly posted in five locations in a timely manner upon passage.

FINDING NUMBER 2016-002

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 2015, the Village failed to maintain support for miscellaneous receipts of \$5,819 in the Fire Special Revenue Fund and for miscellaneous receipts of \$271 in the Street Construction, Maintenance and Repair Special Revenue Fund. Additionally, the Village did not maintain duplicate receipts or establish another method to support completeness 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 and, since the amount is material to Special Revenue receipts, it resulted in a qualified opinion on the opinion unit's miscellaneous receipts.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-002 (Continued)

Noncompliance and Material Weakness - Ohio Admin. Code § 117-2-02(A) (Continued)

The Fiscal Officer should maintain all pertinent accounting records in a secure location, monitor receipts, and retain adequate supporting documentation for all receipts. Further, the Village should institute control procedures including pre-numbered duplicate receipts to help support completeness.

Official's Response: Beginning in 2017, each receipt must be accompanied by supporting documentation. In the case of donations received by the Village, a donation form implemented by Council will be completed for each donation and will include the purpose for the donation. All Village accounting records are kept in a locked filing cabinet in a locked Village office.

FINDING NUMBER 2016-003

Noncompliance and Material Weakness

Ohio Rev. Code § 733.28 requires the Village fiscal officer maintain the books of the Village and exhibit accurate statements of all monies received and expended. In addition, Ohio Admin. Code §§ 117-2-01(D)(3) and (5) provides that, when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The Fiscal Officer did not properly reconcile the Mayor's Court and Water accounts bank statements to the cash journal monthly. Failure to perform reconciliations identifying all reconciling factors and making posting corrections when identified resulted in inaccurate financial information and limited monitoring activities by the Council.

The Fiscal Officer should prepare monthly bank reconciliations for all accounts in a timely manner so that reconciling items can be easily identified and corrections, if necessary, can be made in a timely manner. These reconciliations should be reviewed and approved by the Council at monthly meetings and questioned if unidentified reconciling items are included.

Official's Response: The Village of Jacksonville discontinued its Mayor's Court in 2016 and will no longer generate court records. Beginning in 2017, the water account is reconciled on a monthly basis and the reconciliation is presented to Council at the next regular meeting for review and approval.

FINDING NUMBER 2016-004

Noncompliance and Material Weakness

Ohio Rev. Code § 1905.21 provides that the mayor of a municipal corporation and a mayor's court magistrate shall keep a docket. The mayor or mayor's court magistrate shall account for and dispose of all such fines, forfeitures, fees and costs collected.

Further, Ohio Rev. Code § 733.40 provides that all money collected shall be paid by the mayor into the municipality on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the Village.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-004 (Continued)

Noncompliance and Material Weakness - Ohio Rev. Code § 1905.21 (Continued)

Ohio Rev. Code § 2949.091 provides, in part, that all money collected during a month and owed to the state shall be transmitted on or before the twentieth day of the following month by the clerk of court to the treasurer of the state.

The Mayor and Mayor's Court Clerk could not produce the Mayor's Court records (dockets, cashbook, case files, fee schedules) for 2015 or 2016. Further, the Mayor provided no evidence that the Village submitted the required monthly reports or remittances to the legislative authority or State. The Fiscal Officer indicated that this was, at least partially, due to a lack of training. Failure to maintain the proper records leads to questionable expenditures and potential liabilities.

As such, we were unable to satisfy ourselves as to the completeness or accuracy of other non-operating receipts and non-operating disbursements in the Fiduciary Fund Type for 2016 or 2015. We did not express an opinion on the Fiduciary Fund Type. This represents 100 percent of receipts and expenditures of the Fiduciary Fund Type for the years ended December 31, 2016 and 2015.

The Village discontinued its Mayor's Court in 2016. In the event that the Village reinstates its Mayor's Court, the Mayor should implement the appropriate procedures to ensure the maintenance of an accurate and complete docket, cashbook and case files. The mayor should account for all money collected and remit them timely to the Village and State and provide reports as required.

Official's Response: The Village of Jacksonville discontinued its Mayor's Court in 2016 and will no longer generate court records.

FINDING NUMBER 2016-005

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. As a result, negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Village held a negative fund balance in its General Fund for 2016 and 2015 with negative amounts at December 31, 2016 and 2015 of \$43,041 and \$66,319, respectively. A deficit cash fund balance in the Village's General Fund indicates that money from restricted funds or proprietary funds were used to cover the expenses. Further, this situation has resulted in the Village experiencing financial difficulty.

Money paid into a fund should be used only for the purpose for which such fund was established. Expenditures should not be permitted from funds with negative balances. The Village should continue taking the necessary steps to reduce spending, increase revenues or both.

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

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

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

FINDING NUMBER 2016-006

Noncompliance

Ohio Rev. Code § 5705.39 provides, in part, that total appropriations from each fund shall not exceed the total estimated resources.

General Fund appropriations exceeded estimated resources in 2016 and 2015 by \$43,481 and \$103,442, respectively. This was primarily due to the deficit balance in the General Fund. Appropriating more than available in estimated resources can lead to increased deficits.

The Fiscal Officer and Council should monitor estimated revenue and appropriations to ensure that appropriations are within estimated resources.

Official's Response: The Village is currently 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 2016-007

Noncompliance

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

The Village's budgetary expenditures exceeded the formally-adopted appropriations at December 31, 2015 in the Fire Fund by \$21,895 and in the Water Operating Fund by \$6,302.

The Village's budgetary expenditures exceeded the formally-adopted appropriations at December 31, 2016 in the General Fund by \$17,532, in the Street Construction, Maintenance and Repair Fund by \$1,241, in the Fire Fund by \$7,382 and in the Water Operating Fund by \$13,496.

This was primarily due to supplemental appropriations posted to the accounting system which were not approved by Council and, therefore, invalid. Expending more than budgeted can result in deficit fund balances if the resources are not sufficient to cover the excess. Additionally, the excess indicates expenditures were made absent of any legal appropriation authority.

The Village should adopt an appropriation measure at the beginning of every year. To prevent deficit spending as well as to ensure operations are in line with Council's plans, management should not obligate or expend funds unless Council has adopted and approved appropriations allowing the expenditures.

Official's Response: Beginning in 2017, all appropriation measures are approved by Council according to ORC 5705.41(B). Expenditures that exceed appropriations are not allowed and the department must request that Council approve supplemental appropriations.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-008

Noncompliance and Material Weakness

Ohio Admin Code § 117-2-02 provides that all local public offices should 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 required by the Administrative Code.

The Village provided fire protection services to Homer Township during 2016 and 2015 and to Trimble Township in 2015 without obtaining a contract stating agreed upon rates for service, term, or other significant items. This was due to oversight by the Village management. Failure to obtain a formal signed contract for fire protection services provided can lead to services provided by the Village with no resultant remuneration or liabilities due to a failure to establish responsibilities of each party in the agreement.

Management should prepare contracts for fire protection services provided dictating terms such as agreed upon rates, coverage area, responsibilities of each party, and term. Management should also require and maintain invoices to support charges.

Official's Response: The Village is striving to ensure that written contracts are approved and on file for each entity for which the Village provides fire protection services.

FINDING NUMBER 2016-009

Material Weakness – Improper Posting

All local public offices should 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.

The Fiscal Officer posted certain revenue and expenditures transactions incorrectly resulting in material audit adjustments.

For the year ended December 31, 2015, the following items were noted:

- The Village restated the January 1, 2015 fund cash balances to reclassify the Street Light Fund balance into the General Fund and commence reporting the activity from the General Fund going forward. However, the 2015 receipts and expenditures amounts were included as part of the January 1, 2015 fund balance. This error resulted in adjustments as follows:
 - General Fund: Increase in property and other local taxes of \$10,933, increase in security of persons and property expenditures of \$6,140 and a decrease in ending fund cash balance of \$4,793.
 - Street Light Fund: Decrease in property and other local taxes of \$10,933, decrease in security of persons and property expenditures of \$6,140 and a decrease in ending fund cash balance of \$4,793.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-009 (Continued)

Material Weakness – Improper Posting (Continued)

- Homestead and rollback receipts were improperly posted as property and other local taxes rather than as intergovernmental receipts and taxes received from the County were posted at net rather than at gross with memo expenditures to report the fees withheld. Certain real estate settlements were allocated to the wrong fund. Additionally, permissive sales tax monies were incorrectly credited to the Street Construction, Maintenance and Repair Fund and improperly posted as receipts from property and other local taxes rather than as intergovernmental receipts. These errors had the net result on the affected funds as follows:
 - General Fund: Decrease in property and other local taxes of \$10,722, increase in intergovernmental receipts of \$13,477, increase in general government expenditures of \$1,717 and an increase in ending fund cash balance of \$1,038.
 - Street Construction, Maintenance and Repair: Decrease in property and other local taxes of \$3,749, increase in intergovernmental receipts of \$726 and an decrease in the ending fund cash balance of \$3,023.
 - State Highway: Decrease in property and other local taxes of \$394, increase in intergovernmental receipts of \$5 and an decrease in the ending fund cash balance of \$389.
 - Permissive Sale Tax Fund: Increase in intergovernmental receipts of \$2,970 and an increase in the ending fund cash balance of \$2,970.
 - Fire Fund: Decrease in property and other local taxes of \$5,116, increase in intergovernmental receipts of \$5,094 and an increase in general government expenditures of \$574.

- Principal and interest payments were incorrectly posted throughout the year. These errors had the net result on the affected funds as follows:
 - Fire Fund: Expenditures related to principal retirement and interest and fiscal charges increased by \$14,550 and \$16,674, respectively, and general government expenditures decreased by \$31,224.
 - Water Operating Fund: Expenditures related to principal retirement and interest and fiscal charges increased by \$7,936 and \$10,064, respectively, and contract services expenditures decreased by \$18,000.

- Mayor's Court Agency Fund activity was excluded from accounting system and the annual financial statement resulting in an increase in other non-operating receipts of \$485, an increase in other non-operating disbursements of \$440 and an increase in the ending fund cash balance of \$45.

For the year ended December 31, 2016, the following items were noted:

- Homestead and rollback receipts were improperly posted as property and other local taxes rather than as intergovernmental receipts and taxes received from the County were posted at net rather than at gross with memo expenditures to report the fees withheld. Additionally, permissive sales tax monies were incorrectly credited to the Street Construction, Maintenance and Repair Fund and improperly posted as receipts from property and other local taxes rather than as intergovernmental receipts. These errors had the net result on the affected funds as follows:
 - General Fund: Decrease in property and other local taxes of \$9,907, increase in intergovernmental receipts of \$12,612 and an increase in general government expenditures of \$2,705.
 - Street Construction, Maintenance and Repair: Decrease in property and other local taxes of \$1,130, increase in intergovernmental receipts of \$308 and an decrease in the ending fund cash balance of \$822.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

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

FINDING NUMBER 2016-009 (Continued)

Material Weakness – Improper Posting (Continued)

- Permissive Sale Tax Fund: Decrease in property and other local taxes of \$1,746, increase in intergovernmental receipts of \$2,568 and an increase in the ending fund cash balance of \$822.
- Fire Fund: Decrease in property and other local taxes of \$4,074, increase in intergovernmental receipts of \$4,928 and an increase in general government expenditures of \$854.
- Principal and interest payments were incorrectly posted throughout the year. These errors had the net result on the affected funds as follows:
 - Fire Fund: Expenditures related to principal retirement and interest and fiscal charges increased by \$15,343 and \$15,994, respectively, and general government expenditures decreased by \$31,337.
 - Water Operating Fund: Expenditures related to principal retirement and interest and fiscal charges increased by \$8,402 and \$9,598, respectively, and contract services expenditures decreased by \$18,000.
- Mayor’s Court Agency Fund activity was excluded from accounting system and the annual financial statement resulting in an increase in other non-operating disbursements of \$50, and a decrease in the ending fund cash balance of \$50.

The following represents the cumulative effect of the adjustments listed above, as well as other immaterial adjustments identified the Village opted to post, on the fund cash balances as of December 31, 2016:

Fund	Unadjusted 12/31/2016 Fund Balance	Cumulative Adjustment Amount	Adjusted 12/31/2016 Fund Balance
General	(\$44,079)	\$1,038	(\$43,041)
Street Construction, Maintenance and Repair	12,807	(3,845)	8,962
State Highway	7,475	(389)	7,086
Permissive Sales Tax	1,746	3,792	5,538
Fire	14,415	(596)	13,819
	<u>(\$7,636)</u>	<u>\$0</u>	<u>(\$7,636)</u>

These misstatements were caused by confusion over proper classifications, turnover in the Fiscal Officer position, and a lack of management oversight. As a result, significant adjustments and reclassifications, with which the Village’s management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

To ensure the Village’s financial statements and notes to the financial statements are complete and accurate, the Fiscal Officer should review the audit adjustments, Village Officer’s Handbook, and Auditor of State Bulletin 2011-004 for guidance on the correct line items to post various receipts and expenditures as well as fund balance classifications of the Village in future years.

Official’s Response: In 2017, the Village reorganized the revenue and appropriation codes in the accounting system to better and more properly classify revenue and expenditure transactions.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

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

FINDING NUMBER 2016-010

Material Weakness – Budgetary System Variances

All local public offices integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Further, Ohio Rev. Code § 5705.40 provides that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. Rulings filed in the case of *C. B. Transportation, Inc. v. Butler County Board of Mental Retardation*, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979), as well as in *Burkholder v. Lauber*, 6 Ohio Misc. 152, 216 N.E.2d 909 (C.P. 1965), support that a local government's governing board would be prohibited from delegating duties statutorily assigned to it, such as the ability to amend appropriations as provided for in Ohio Rev. Code §5705.40.

At December 31, 2015, estimated receipts as approved by the Budget Commission exceeded the amounts posted to the accounting system for the General Fund (Street Light Fund) by \$25,700, the State Highway Fund by \$2,940, the Water Improvement Reserve Fund by \$24,309 and the Water Deposit Fund by \$1,286.

At December 31, 2015, appropriations as approved by Council exceeded the amount posted to the accounting system in the General Fund (Street Light Fund) by \$12,000 and the Street Construction, Maintenance and Repair Fund by \$6,000. Appropriations posted to the accounting system exceeded the amounts approved by Council in the Fire Fund by \$19,000 and the Water Operating Fund by \$6,000.

At December 31, 2016, estimated receipts posted to the accounting system exceeded the amount approved by Council in the Fire Fund by \$10,000. Estimated receipts, as approved by the Budget Commission exceeded the amounts posted to the accounting system for the Water Operating Fund by \$7,057.

Because the budgetary information posted to the accounting system differed from the amounts formally approved, Council lost some degree of control and was unable to effectively monitor and report its budget to actual status throughout the year.

Management should review accuracy of posted budgetary amounts in the UAN system and periodically reconcile these amounts to formally approved amounts. Further, any supplemental appropriations should be formally approved by the Village Council following the same procedures as original appropriations.

Official's Response: Beginning in 2017, all revenue budgets and supplemental appropriations are submitted to Council for review and approval.

FINDING NUMBER 2016-011

Material Weakness – Segregation of Duties/Monitoring

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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-011 (Continued)

Material Weakness – Segregation of Duties/Monitoring (Continued)

The small size of the Village staff did not allow for an adequate segregation of duties; the Village Fiscal Officer was responsible for all accounting functions. Therefore, it is important the Village Council function as a finance committee to monitor financial activity closely. Actual revenues and expenses should be compared to budgeted amounts each month, and reported to and reviewed by the Village Council. The Village Council should determine the reason actual expenditures varied from budgeted expenditures by making inquiries to management. Additionally, the Village Council should compare their actual cash balance to budgeted cash balances at the end of each month. When the actual cash balance is below the budgeted cash balance, the Council should look for ways to increase revenues and/or decrease expenditures budgeted in the upcoming months so as to achieve the budgeted cash balance. In addition, the Village Council should review and approve bank reconciliations and expenditures monthly.

There was no documentation supporting the Village Council's review of monthly bank reconciliations for the Village accounts for six months in 2015, or the extent to which the Council used financial information to monitor the financial activity of the Village. The lack of financial information provided for the Council monthly to review hampers the Council's ability to effectively monitor the financial activity and position of the Village.

The lack of controls over expenditures and financial reporting adversely affected the Village's ability to initiate, authorize, record, process or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

The financial information presented to the Village Council should be presented on a regular basis. This information should include reconciliations, as well as revenue and expenditure activity and budget versus actual reports. A periodic review should also be performed on the Village's cash book to gain assurances that the records posted are posted up to date, in agreement with the presented reports and reflect authorized transactions. These reviews should be documented in the minutes of the Village Council meetings.

The Village Council should carefully review this information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the Village. This information can help answer questions such as the following:

Inquiries relevant to overall Village Operations:

- Are current receipts sufficient to cover expenditures?
- Are expenditures in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are anticipated receipts being timely received?
- Is the Village maximizing its return on invested cash balances?
- Is the Village able to achieve the financial goals as set by the original or amended budgets?

In order to effectively monitor the financial activity of the Village, Council Members should review and accept/approve the monthly financial information provided by the Fiscal Officer. The Fiscal Officer should provide a detailed budget and financial statements, cash balances and checks paid, and completed bank reconciliations for each regular Council meeting. The review of this information should be noted in the minutes of the meeting of the Council.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

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

FINDING NUMBER 2016-011 (Continued)

Material Weakness – Segregation of Duties/Monitoring (Continued)

Official's Response: Village Council now reviews and signs monthly bank reconciliations. In addition, financial statements are presented to all Council members at each regular meeting for the previous month. After all questions have been answered, Council makes a motion to approve the financial statements at the following meeting. The motion is recorded in the minutes.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Noncompliance [OAC § 117-2-02(A)] and Material Weakness issued for Failure to maintain adequate accounting records and failure to reconcile.	Corrected	N/A
2014-002	Noncompliance [OAC § 117-2-02(A)] and Material Weakness issued for material misstatements requiring financial statement adjustment.	Not Corrected	Repeated as a material weakness only as Finding Number 2016-009. In 2017, the Village reorganized the revenue and appropriation codes in the accounting system to better and more properly classify revenue and expenditure transactions.
2014-003	Noncompliance [OAC § 117-2-02(A)] and Material Weakness issued for failure to maintain adequate records and support for Mayor's Court.	Not Corrected.	Repeated as Finding Number 2016-004 with additional Revised Code Section guidance for clarity. The Village of Jacksonville discontinued its Mayor's Court in 2016 and will no longer generate court records.
2014-004	Noncompliance [OAC § 117-2-02(A)] and Material Weakness issued for failure to maintain adequate records and support for tickets written by police.	Corrected	N/A
2014-005	Noncompliance [OAC § 117-2-02(A)] and Material Weakness issued for failure to maintain adequate records and support for fire contracts.	Not Corrected	Repeated as Finding Number 2016-008. The Village is striving to ensure that written contracts are approved and on file for each entity for which the Village provides fire protection services.
2014-006	Noncompliance [OAC § 117-2-02(C)] and Material Weakness issued for failure adopt formal budgetary receipted and appropriations but posting amounts to the accounting system.	Not Corrected	Repeated as a material weakness only as Finding Number 2016-010. Beginning in 2017, all revenue budgets and supplemental appropriations are submitted to Council for review and approval.
2014-007	Noncompliance [ORC § 117.38] and Material Weakness issued for failure to include all activity and funds in the 2013 annual financial report.	Corrected	N/A
2014-008	Noncompliance [ORC § 5705.10(I)] for carrying fund cash deficits at the end of both years under audit.	Not Corrected	Repeated as Finding Number 2016-005. The Village is currently entered into a monitoring agreement with the State of Ohio Local Government Services and is regularly forecasting changes and updating a deficit recovery plan.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

Finding Number	Finding Summary	Status	Additional Information
2014-009	Noncompliance [ORC § 5705.36] for failure to certify the total amount from all sources available for expenditures from each fund along with any unencumbered balances.	Corrected	N/A
2014-010	Noncompliance [ORC § 5705.38] for failure to file permanent appropriations.	Partially Corrected.	Repeated in a separate letter to management. Beginning in 2017, all revenue budgets and supplemental appropriations are submitted to Council for review and approval.
2014-011	Noncompliance [ORC § 5705.41(D)(1)] for failure to file encumber 100% of the 2013 and 2014 purchase obligations.	Corrected	N/A
2014-012	Material Weakness for lack of segregation of key duties without adequate monitoring to compensate.	Not Corrected	Repeated as Finding Number 2016-011. Village Council now reviews and signs monthly bank reconciliations. In addition, financial statements are presented to all Council members at each regular meeting for the previous month. After all questions have been answered, Council makes a motion to approve the financial statements at the following meeting. The motion is recorded in the minutes.
2014-013	Material Weakness issued for failure to monitor the Trimble Township Waste Water Treatment District who billed and collected water bill on behalf of the Village.	Corrected	N/A
2014-014	Material Weakness issued for failure to account for \$20,249 in ODNR grant monies to be used for the playground project.	Corrected	N/A



Dave Yost • Auditor of State

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 9, 2017