



Dave Yost • Auditor of State

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2014	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2014	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2013	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2013	8
Notes to the Financial Statements	9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19
Schedule of Prior Audit Findings.....	33

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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 and related notes of Village of Jacksonville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013.

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.

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 1 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 opinions on this accounting basis are in the *Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting*, the *Qualification of Opinion on the General Fund fines, licenses and permits on the Regulatory Basis of Accounting* and the *Unmodified Opinions on the 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, 2014 and 2013, 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

Fines, license and permit receipts are reported at \$3,831 for the years ended December 31, 2014, which is 100% of Fiduciary Fund receipts for the years ended December 31, 2014. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as other non-operating receipts.

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

Because of the significance of fines, license and permit 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 year ended December 31, 2014.

Basis for Qualification of Opinion on General Fund Fines, licenses and permits on the Regulatory Basis of Accounting

Fines, licenses and permit receipts are reported at \$5,344 for the year ended December 31, 2014, which is 7 percent of total General Fund operating receipts for the year ended December 31, 2014. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as fines, licenses and permits. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualification of Opinion on the General Fund fines, licenses and permits 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 2014 fines, licenses and permit receipts in the General Fund, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the General Fund, of the Village of Jacksonville, Athens County, Ohio, as of December 31, 2014 and 2013, 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(D) permit, described in Note 1.

Unmodified Opinions on the Regulatory Basis of Accounting

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Special Revenue Funds and Enterprise Funds, of the Village of Jacksonville, Athens County, Ohio, as of December 31, 2014 and 2013, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015, 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

December 21, 2015

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**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$48,276	\$33,831	\$0	\$82,107
Special Assessments	66	0	0	66
Intergovernmental	16,054	51,508	0	67,562
Charges for Services	0	13,900	0	13,900
Fines, Licenses and Permits	5,344	0	0	5,344
Earnings on Investments	14	1	0	15
Miscellaneous	2,505	21,651	0	24,156
<i>Total Cash Receipts</i>	<u>72,259</u>	<u>120,891</u>	<u>0</u>	<u>193,150</u>
Cash Disbursements				
Current:				
Security of Persons and Property	14,133	34,346	0	48,479
Leisure Time Activities	950	0	0	950
Basic Utility Services	4,231	797	0	5,028
Transportation	0	27,083	0	27,083
General Government	40,944	28,402	0	69,346
Debt Service:				
Principal Retirement	0	11,792	0	11,792
Interest and Fiscal Charges	0	18,190	0	18,190
<i>Total Cash Disbursements</i>	<u>60,258</u>	<u>120,610</u>	<u>0</u>	<u>180,868</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,001</u>	<u>281</u>	<u>0</u>	<u>12,282</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	3,495	0	0	3,495
Other Financing Sources	2,410	0	0	2,410
<i>Total Other Financing Receipts (Disbursements)</i>	<u>5,905</u>	<u>0</u>	<u>0</u>	<u>5,905</u>
<i>Net Change in Fund Cash Balances</i>	17,906	281	0	18,187
<i>Fund Cash Balances, January 1</i>	<u>(148,914)</u>	<u>99,547</u>	<u>20,250</u>	<u>(29,117)</u>
Fund Cash Balances, December 31				
Restricted	0	113,328	20,250	133,578
Unassigned	<u>(131,008)</u>	<u>(13,500)</u>	<u>0</u>	<u>(144,508)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$131,008)</u></u>	<u><u>\$99,828</u></u>	<u><u>\$20,250</u></u>	<u><u>(\$10,930)</u></u>

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

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$156,377	\$0	\$156,377
Fines, Licenses and Permits	0	3,831	0
Miscellaneous	18	0	18
<i>Total Operating Cash Receipts</i>	<u>156,395</u>	<u>3,831</u>	<u>156,395</u>
Operating Cash Disbursements			
Personal Services	11,260	0	11,260
Employee Fringe Benefits	3,807	0	3,807
Contractual Services	108,789	0	108,789
Supplies and Materials	12,099	0	12,099
Other	6,254	3,826	10,080
<i>Total Operating Cash Disbursements</i>	<u>142,209</u>	<u>3,826</u>	<u>146,035</u>
<i>Operating (Loss)</i>	<u>14,186</u>	<u>5</u>	<u>10,360</u>
Non-Operating Receipts (Disbursements)			
Property and Local Taxes	3,911	0	3,911
Special Assessments	3,162	0	3,162
Miscellaneous Receipts	1,185	0	1,185
Principal Retirement	(7,495)	0	(7,495)
Interest and Other Fiscal Charges	(10,505)	0	(10,505)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(9,742)</u>	<u>0</u>	<u>(9,742)</u>
<i>Net Change in Fund Cash Balances</i>	4,444	5	4,449
<i>Fund Cash Balances, January 1</i>	<u>140,313</u>	<u>0</u>	<u>140,313</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$144,757</u></u>	<u><u>\$5</u></u>	<u><u>\$144,762</u></u>

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

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$38,509	\$26,580	\$0	\$65,089
Intergovernmental	28,693	31,664	0	\$60,357
Charges for Services	0	12,250	0	12,250
Fines, Licenses and Permits	5,495	0	0	5,495
Earnings on Investments	9	0	0	9
Miscellaneous	13,455	46,070	0	59,525
<i>Total Cash Receipts</i>	<u>86,161</u>	<u>116,564</u>	<u>0</u>	<u>202,725</u>
Cash Disbursements				
Current:				
Security of Persons and Property	14,244	0	0	14,244
Leisure Time Activities	0	399	0	399
Basic Utility	12,146	9,444	0	21,590
Transportation	470	7,830	0	8,300
General Government	42,938	31,744	0	74,682
Capital Outlay	0	8,500	0	8,500
Debt Service:				
Principal Retirement	0	11,355	0	11,355
Interest and Fiscal Charges	0	18,740	0	18,740
<i>Total Cash Disbursements</i>	<u>69,798</u>	<u>88,012</u>	<u>0</u>	<u>157,810</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>16,363</u>	<u>28,552</u>	<u>0</u>	<u>44,915</u>
Other Financing Receipts				
Transfers In	1,236	0	0	1,236
Transfers Out	0	(1,236)	0	(1,236)
Sale of Capital Assets	0	2,800	0	2,800
<i>Total Other Financing Receipts</i>	<u>1,236</u>	<u>1,564</u>	<u>0</u>	<u>2,800</u>
<i>Net Change in Fund Cash Balances</i>	17,599	30,116	0	47,715
<i>Fund Cash Balances, January 1</i>	<u>(166,513)</u>	<u>69,431</u>	<u>20,250</u>	<u>(76,832)</u>
Fund Cash Balances, December 31				
Restricted	0	99,547	20,250	119,797
Unassigned	(148,914)	0	0	(148,914)
<i>Fund Cash Balances, December 31</i>	<u>(\$148,914)</u>	<u>\$99,547</u>	<u>\$20,250</u>	<u>(\$29,117)</u>

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

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$139,661	\$0	\$139,661
Fines, Licenses and Permits	0	6,947	6,947
Miscellaneous	1,771	0	1,771
<i>Total Operating Cash Receipts</i>	<u>141,432</u>	<u>6,947</u>	<u>148,379</u>
Operating Cash Disbursements			
Personal Services	16,187	0	16,187
Contractual Services	72,772	0	72,772
Supplies and Materials	5,107	0	5,107
Other	5,881	6,947	12,828
<i>Total Operating Cash Disbursements</i>	<u>99,947</u>	<u>6,947</u>	<u>106,894</u>
<i>Operating Income (Loss)</i>	<u>41,485</u>	<u>0</u>	<u>41,485</u>
Non-Operating Receipts (Disbursements)			
Principal Retirement	(7,079)	0	(7,079)
Interest and Other Fiscal Charges	(10,921)	0	(10,921)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(18,000)</u>	<u>0</u>	<u>(18,000)</u>
<i>Net Change in Fund Cash Balances</i>	23,485	0	23,485
<i>Fund Cash Balances, January 1</i>	<u>116,828</u>	<u>0</u>	<u>116,828</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$140,313</u></u>	<u><u>\$0</u></u>	<u><u>\$140,313</u></u>

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

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Jacksonville, Athens County, Ohio (the Village), as a body corporate and politic. A six-member Council directs the Village. The Village's services include general government services, street maintenance, water utility services, park operations, police services, and fire protection services.

The Village participates in one jointly governed organization and the Public Entities Pool of Ohio. Notes 7 and 8 to the financial statements provide additional information for these entities. These organizations are:

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.

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

B. Accounting Basis

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.

C. Deposits

The Village had one primary, interest bearing checking account and two non-interest bearing checking accounts during the audit period.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

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

3. 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:

USDA Playground Improvement Fund – This fund received proceeds of a USDA grant for the construction of a new playground.

4. 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.

5. Fiduciary Funds

Fiduciary funds include agency funds.

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 the financial activity of the Mayor's Court.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. 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:

1. 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.

2. Unassigned

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

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

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. Property, Plant, and Equipment

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

2. Equity in Pooled 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:

	2014	2013
Demand deposits	\$133,832	\$111,196

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$78,164	\$78,164
Special Revenue	0	120,891	120,891
Enterprise	0	164,653	164,653
Total	\$0	\$363,708	\$363,708

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$60,258	(\$60,258)
Special Revenue	0	120,610	(120,610)
Enterprise	0	160,209	(160,209)
Total	\$0	\$341,077	(\$341,077)

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$87,397	\$87,397
Special Revenue	0	119,364	119,364
Enterprise	0	141,432	141,432
Total	\$0	\$348,193	\$348,193

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$69,798	(\$69,798)
Special Revenue	0	89,248	(89,248)
Enterprise	0	117,947	(117,947)
Total	\$0	\$276,993	(\$276,993)

4. Property Tax

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.

5. Retirement System

The Village's elected officials and 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. For 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

6. Debt

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Water Improvement Bonds	\$171,308	5.875%
Consolidated Loan	334,139	5.016%
Total	\$505,447	

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 Consolidated Loan will be repaid from general operating receipts.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Debt (Continued)

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

Year ending December 31:	Water Improvement Bonds	Consolidated Loan
2015	\$18,000	\$30,992
2016	18,000	30,992
2017	18,000	30,992
2018	18,000	30,992
2019	18,000	30,992
2020-2024	90,000	154,960
2025-2029	90,000	154,960
2030-2032	31,500	33,575
Total	\$301,500	\$498,455

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of 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 ARPCO. 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, 2014, 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 accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. Risk Management (Continued)

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, 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.

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$9,314	\$7,262

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.

8. 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 Village operated under the direction of an eight member Board of Council Members whose membership is composed of two appointments from each of the participating subdivision: 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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. Deficit Fund Balance

The Village had deficit fund balances of \$131,008 in the General Fund and \$13,500 IN THE USDA Special Revenue Fund as of December 31, 2014. 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.



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 Village of Jacksonville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2015, wherein we noted the Society 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 for the year ended December 31, 2014. We also qualified our opinion on fines, licenses and permits receipts in the General Fund for the year ended December 31, 2014.

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 finding 2014-001 through 2014-007 and 2014-012 through 2014-014 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 2014-001 through 2014-011.

Entity's Response to Findings

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not 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

December 21, 2015

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(A) provides that all local public offices 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 § 117-2-03 of the Administrative Code.

All local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

1. Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction;
2. Receipts ledger, which typically assembles and classifies receipts into separate account for each type of receipt of each fund the public office uses. The amount, date, name of payer, purpose, receipt number, and other information required for the transactions can be recorded on this ledger; and
3. Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations and any other information required may be entered in the appropriate columns.

In addition, all local public offices should maintain or provide a report similar to the following payroll records:

- W-2 forms, W-4 forms and other withholding records and authorizations;
- Payroll journals that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay and other compensation paid to the employee (such as termination payment), and the fund and account charged for the payments;
- Check register that includes, in numerical sequence, the check number, payee, net amount and the date;
- Information regarding nonmonetary benefits such as car usage and life insurance; and
- Information, by employee, regarding leave balances and usage.

Using these accounting records will provide the Village with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

During 2013, the Village did not maintain, or did not complete a receipts ledger or utilize pre-numbered receipt books, pay-ins, an appropriation ledger or check register. The cashbook did not include budgetary information. Additionally, the Village Fiscal Officer did not reconcile the books to the bank or maintain tracking logs for employee leave accrual and usage.

Failure to maintain adequate accounting records restricted the Village's ability to monitor its financial activity and status, eliminating key management tools for making sound financial decisions.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-001 (Continued)

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

The Village began using the Uniform Accounting Network (UAN) in 2014 which will help ensure the required reports and ledgers are maintained however; the Village will still need to perform monthly reconciliations and enter data accurately and timely.

Official's Response: The Village is now using UAN system and working to be more proficient in meeting the requirements.

FINDING NUMBER 2014-002

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(A) provides that all local public offices 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 made certain posting errors resulting in the following audit adjustments.

The amounts reported on the Village's annual financial report did not agree to the reconciled underlying accounting records for the year ended December 31, 2013 resulting in the following adjustments:

- General Fund
 - Property and Other Taxes decreased \$20,430
 - Intergovernmental Cash Receipts increased \$22,882
 - Miscellaneous Cash Receipts increased \$3,479
 - Charges for Services decreased \$3,037
 - General Government decreased \$8,622
 - Basic Utility Services increased \$4,181
 - Principal Retirement increased \$3,534
 - Security of Persons and Property increased \$5,968
 - Transportation decreased \$235
 - Capital Outlay decreased \$4,787
 - Fund Cash Balance at January 1 decreased \$27,969

- Fire Levy Fund
 - Miscellaneous Cash Receipts decreased \$20,896
 - Charges for Services increased \$12,250
 - Sale of Capital Assets increased \$2,800
 - Property and Other Taxes increased \$20,947
 - Intergovernmental Cash Receipts increased \$3,214
 - Basic Utility Services increased \$2,742
 - Transportation increased \$3,364
 - Principal Retirement increased \$30,072
 - Leisure Time Activity increased \$399
 - Capital Outlay increased \$8,500
 - General Government decreased \$42,497

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002 (Continued)

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

- Street Light Fund
 - Fund Cash Balance at January 1 increased \$27,968
- Court Computerization Fund
 - Fund Cash Balance at January 1 increased \$1,236
- Water Operating Fund
 - Miscellaneous Cash Receipt decreased \$130,202
 - Charges for Services increased \$139,661
 - Principal Retirement increased \$20,314
 - Personal Services increased \$16,187
 - Supplies and Materials increased \$5,108
 - Contractual Services increased \$72,772
 - Other Operating Expenditures decreased \$109,439
- Mayor's Court Fund
 - Fines, Licenses and Permits increased \$6,947
 - Other Operating Disbursements increased \$6,947
- Ohio Department of Natural Resources Grant Fund
 - Miscellaneous Cash Receipts decreased \$20,250

The following misstatements were noted for the year ended December 31, 2013 resulting in the following adjustments:

- Debt Payments were improperly classified resulting in the following adjustments:
 - General Fund - General Government increased and Principal Retirement decreased \$3,534.
 - Street Construction Fund - General Government increased and Principal Retirement decreased \$1,214
 - Fire Tax Levy Fund - Interest and Fiscal Charges increased \$10,921, Other Expenditures increased \$2,314 and Principal Retirement decreased \$13,235.
 - Water operating Fund - Interest and Fiscal Charges increased and Principal Retirement decreased \$18,740.
- Tax Receipts were posted at net rather than gross resulting in the following adjustments:
 - General Fund - General Government and Property and Other Taxes increased \$1,789
 - Fire Tax Levy - General Government and Property and Other Taxes increased \$623
 - Street Light Fund - General Government and Property and Other Taxes increased \$287
- Intergovernmental Cash Receipts were posted at net rather than gross resulting in the following adjustment:
 - General Fund - General Government and Intergovernmental Cash Receipts increased \$339
- Misclassifications of receipts between funds or classifications resulted in the following adjustments:
 - General Fund - Intergovernmental Cash Receipts increased \$455 and Miscellaneous Cash Receipts increased \$1,262

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002 (Continued)

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

- Fire Levy Fund - Property and Other Taxes decreased \$3,204 and Intergovernmental increased \$2,087.
- Street Light Fund - Intergovernmental Cash Receipts decreased \$600
- The Village terminated Mayor's Court but did not eliminate the Court Computerization Fund resulting in the following adjustment:
 - General Fund - Transfers In increased \$1,236
 - Court Computerization Fund - Transfers Out increased \$1,236

The following misstatements were noted for the year ended December 31, 2014 resulting in the following adjustments:

- Misclassifications of receipts between funds or classifications resulted in the following adjustments:
General Fund

- Charges for Services decreased \$3,495
- Sale of Capital Assets increased \$3,495
- Property and Other Taxes decreased \$18,965
- Intergovernmental Cash Receipts increased \$10,804
- Miscellaneous Cash Receipts increased \$536

Street Construction Fund

- Property and Other Taxes decreased \$23,028
- Intergovernmental Receipts increased \$22,447

State Highway Fund

- Property and Other Taxes decreased \$63
- Intergovernmental Cash Receipts increased \$54

Fire Levy Fund

- Property and Other Taxes decreased \$2,334
- Intergovernmental Cash Receipts increased \$4,855
- Miscellaneous Cash Receipts increased \$300

Street Light Fund

- Intergovernmental Cash Receipts increased \$1,280
- Property and Other Tax increased \$5,414

Water operating Fund

- Property and Other Taxes decreased \$1,300

- Bureau of Workers Compensation reimbursement was not properly allocated to the funds making the original payment resulting in the following adjustments:
 - General Fund - Miscellaneous Cash Receipts decreased \$940
 - Street Construction Fund - Miscellaneous Receipts increased \$258
 - Fire Levy Fund - Miscellaneous Receipts increased \$303
 - Water Operating Fund - Miscellaneous Receipts increased \$379

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-002 (Continued)

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

- Tax Receipts were posted at net rather than gross resulting in the following adjustments:
 - General Fund - General Government and Property and Other Taxes increased \$9,549
 - Fire Levy Fund - General Government and Property and Other Taxes increased \$4,381
 - Street Light Fund - General Government and Property and Other Taxes increased \$2,020

- The Village terminated Mayor's Court but did not eliminate the Court Computerization Fund resulting in the following Adjustment:
 - General Fund - Securities of Persons and Property increased \$162 and Fines, Licenses, and Permits increased \$48.
 - Court Computerization Fund - Securities of Persons and Property decreased \$162 and Fines, Licenses, and Permits decreased \$48.

- Debt Payments were improperly classified resulting in the following adjustments:
 - Fire Levy Fund - General Government decreased \$29,982, Interest and Fiscal Charges increased \$18,190 and Principal Retirement increased \$11,792.
 - Water Operating Fund - Principal Retirement increased \$7,495, Contractual Services decreased \$18,000 and Interest and Fiscal Charges increased \$10,505.

- The State highway Fund had a negative fund balance at December 31, 2014 which was reclassified to Unrestricted from Restricted in accordance with GASB 54.

- Delinquent Collections from County Auditor and December Water Sales were misposted to Miscellaneous Cash Receipts resulting in the following adjustment in the Water Operating Fund:
 - Other Miscellaneous Receipts decreased \$16,610
 - Special Assessments increased \$3,162
 - Charges for Services increased \$13,448

- The Village did not account for Mayor's Court receipt activity in the UAN System resulting in an increase in Fines, Licenses, and Permits of \$3,831 and an increase in Other expenditures of \$3,826 in the Mayor's Court Fund.

The following represents the cumulative effect of the adjustments listed above on the fund cash balances as of December 31, 2014:

Fund	Unadjusted 12/31/14 Fund Balance	Increase/ (Decrease)	Adjusted 12/31/14 Fund Balance
1000 General Fund	(\$125,282)	(\$5,726)	(\$131,008)
2011 Street Construction and Maintenance	9,755	18,177	27,933
2021 State Highway Fund	5,510	(18,509)	(13,000)
2901 Fire Levy Fund	39,730	2,005	41,735
2902 Street Light Fund	37,564	6,095	43,659
2903 Court Computer Fund	1,122	(1,121)	1
5101 Water Operating Fund	120,080	(921)	119,159
N/A Mayor's Court	0	5	5

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002 (Continued)

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

These misstatements were caused by a lack of management oversight. As a result, significant adjustments and reclassification, 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: The Village will attempt to correct using the UAN chart of accounts.

FINDING NUMBER 2014-003

Noncompliance and Material Weakness

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.

Ohio Rev. Code § 1901.31 provides, in part, that each clerk of courts must maintain a journal, cashbook, listing of all receipts and disbursements, or account for all fines, forfeitures, fees, and costs collected.

An approved fine and fee schedule for the Mayor's Court is an integral part of allowing for accountability and analysis of court receipts and disbursements. All records pertaining to Mayor's Court should be properly updated and contain all pertinent information related to the case.

During our tests of Mayors Court, we noted the following issues:

- Information, such as fine amounts, listed in the docket did not agree to information listed in the case file for 33% of items tested for 2013 and 56% of the items tested in 2014. This could lead to inaccuracies when collecting the fines for each case.
- During both 2013 and 2014, the Mayor authorized penalties for civil and traffic violations which were not in accordance with the approved fine and fee schedule on file resulting in a projected loss of \$1,147 and \$2,146 in 2013 and 2014, respectively.
- The docket had missing information such as fine amounts or the Code sections violated which can result in the inability to collect fines due the Village and the State.
- The Mayor stopped using a cashbook or a duplicate receipt book subsequent to July 2014 making it impossible to determine what fees were collected for what case.
- The docket did not document the amount of fines paid, whether in total or in installments, by the individual making it impossible to determine whether the fines were paid or still outstanding at December 31, 2014.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-003 (Continued)

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

As such, we were we unable to satisfy ourselves as to the completeness of Fines, Licenses and Permits receipts recorded in the General Fund in 2014 and Other Non-operating Receipts in the Fiduciary Fund Type in 2014. We have modified the opinion accordingly. These receipts represent 7 percent of receipts of the General Fund for the year ended December 31, 2014 and 100 percent of receipts of the Fiduciary Fund Type for the year ended December 31, 2014.

Official's Response: The Village no longer has a Mayor's Court.

FINDING NUMBER 2014-004

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(A) provides that, when designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The police department citation log had many different sequences of tickets issued out in the field. Citation books were not always issued to officers in the next sequence of tickets available. The Village does not maintain a list of voided citations. Failure to properly maintain the accountability of all tickets could result in a misappropriation of funds without timely detection.

Proper control should be maintained over issued and unissued tickets by the Police Chief or Mayor's Court Clerk by ensuring:

- Unissued ticket books are stored in a secure location.
- Tickets are issued in sequential order.
- All tickets are accounted for before the next book is issued.
- Any discrepancies are investigated promptly.
- A periodic (perhaps yearly) inventory is taken to determine the status of the issued tickets.
- All parts of a voided ticket are retained and stored in sequence with the other tickets. (Normally, the next ticket issued should replace the voided ticket.)

Official's Response: The Village no longer has a police department.

FINDING NUMBER 2014-005

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(A) 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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-005 (Continued)

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

The Village provided fire protection services to Homer Township during 2014 and 2013 without obtaining a contract stating agreed upon rates for service, term, or other significant items. On March 18, 2014, the Village Council approved a fire protection services contract with Homer Township in their regular Council Meeting; however, no contract was ever drafted or signed as an oversight by the Village. 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.

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

Official's Response: A contract has been drafted and signed for 2015.

FINDING NUMBER 2014-006

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(C) provides that all local public offices should 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.

The Village did not approve or certify estimated resources for 2014; however, estimates were entered into the accounting system for the General Fund (\$87,010), the Street Construction Fund (\$43,055), the State Highway Fund (\$4,600), the Fire District Fund (\$55,105), the Computer Fund (\$10,000) and the Water Operating Fund (\$199,505).

The Village did not approve appropriations for 2014; however, appropriations were entered into the accounting system for the General Fund (\$73,090), the Street Construction Fund (\$24,460), the State Highway Fund (\$900), the Fire District Fund (\$80,171), the Computer Fund (\$3,000) and the Water Operating Fund (\$155,325).

Due to budgetary information being improperly entered into the system, the management of the Village lost some degree of budgetary control. An adjustment was made to the budgetary activity reported in the notes to the financial statements to present formally approved estimated receipts.

The Village should accurately post estimated receipts as certified by the County Budget Commission. This procedure will help ensure comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Official's Response: The UAN system has now been fully implemented and contains integrated budget and actual information.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-007

Noncompliance and Material Weakness

Ohio Revised Code § 117.38 provides, in part, that entities filing on a cash basis must file annual reports with the Auditor of State within 60 days of the fiscal year-end. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (c) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operating; and (D) public debt of each taxing district, the purpose of the debt and how the debt will be repaid.

The annual financial report prepared by the Village for the year ended December 31, 2013, did not contain the activity of the General Fund or Street Lights fund as the Village implemented a new accounting system at the end of 2013 and did not verify that all activity was included properly. Failure to review financial information to ensure completeness led to significant audit adjustments and additional audit cost.

The Fiscal Officer and Village Council should review the annual financial report prior to submission to ensure that all financial information of the Village is included accurately.

Official's Response: The Village has implemented UAN to help correct this.

FINDING NUMBER 2014-008

Noncompliance

Ohio Revised Code § 5705.10(l) 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 General Fund had a negative fund balance throughout 2013. The deficit at December 31, 2013 was \$148,914.

The General Fund and the USDA Special Revenue Fund had negative fund balances throughout 2013. The deficits at December 31, 2014 were \$131,008 for the General Fund and \$13,500 for the USDA Fund.

A deficit cash fund balance indicates that money from one fund was used to cover the expenses of another fund. 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 take the necessary steps to reduce spending, increase revenues or both.

Official's Response: Village management is taking steps to reduce the deficit.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-009

Noncompliance

Ohio Rev. Code § 5705.36 requires that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units shall certify to the County Auditor the total amount from all sources available for expenditures from each fund set up in the tax budget along with any unencumbered balances existing at the end of the preceding year.

The Village officials did not file the certificate with the County Auditor for 2014 or 2013.

As a result the Village officials were unable to properly budget its expenditures, which could lead to expending more money than is available.

The Village officials should file the certificate with the County Auditor on or about the first day of each fiscal year.

Official's Response: The Village is working with Local Government Services to correct this going forward.

FINDING NUMBER 2014-010

Noncompliance

Ohio Revised Code § 5705.38 provides that, on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Additionally, Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village did not pass the required temporary or final appropriation measure for 2013. As a result, all of the Village's expenditures during 2013 were made in the absence of legal appropriations. The Village passed the required temporary appropriation during 2014 before April 1 but did not pass a final appropriation measure. As a result, all of the Village's expenditures subsequent to April 1, 2014 were made in the absence of legal appropriations.

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, the Village should not obligate or expend funds unless Council has adopted and approved appropriations allowing the expenditures.

Official's Response: The Village is working with Local Government Services to correct this going forward.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-011

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in §§ 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate - If the Fiscal Officer can certify that both at the time of the contract or order was made ("then") and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate - Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in excess of amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate - The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Expenditures were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions for all transactions in 2013 and 2014. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is key control in the disbursement process to assure that purchase commitments receive prior appropriation prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that all funds are or will be available prior to obligation by the Village.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-011 (Continued)

Noncompliance - Ohio Revised Code § 5705.41(D)(1) (Continued)

The Village should certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Official's Response: We will develop a work flow process and work with Local Government Services to correct.

FINDING NUMBER 2014-012

Material Weakness

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

The small size of the Village 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 any Village accounts, 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.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-012 (Continued)

Material Weakness – Segregation of Duties/Monitoring (Continued)

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, we recommend the Council Members review and accept/approve the monthly financial information provided by the Village Fiscal Officer. We recommend the Village Fiscal Officer provide a detailed budget and financial statements, cash balances and check 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.

Official's Response: The Village will utilize UAN system to increase monitoring and will include bank reconciliations in reports reviewed monthly.

FINDING NUMBER 2014-013

Material Weakness

The Village contracts with Trimble Township Waste Water Treatment District for billing and collection of water receipts. The Village does not receive monthly reports from the Sewer District and therefore cannot monitor the billings for proper usage. This could result in errors and omissions in water receipts.

The Village should request Trimble Township Waste Water Treatment District send monthly reports. Water billing reports should be presented to Council for review and approval each month. The reports should be reviewed to determine that the number of customers being billed monthly is consistent, that there are no unusual amounts charged or unusual usages noted, and that the appropriate rates are being charged.

Official's Response: The Village began handling billing and collection "in-house" as of September 2015 and no longer contracts with Trimble Township Waste Water District.

VILLAGE OF JACKSONVILLE
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)

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

FINDING NUMBER 2014-014

Material Weakness

In 2009, the Ohio Department of Natural Resources (ODNR) issued the Village of Jacksonville a grant in the amount of \$64,350, received by the Village in two payments of \$50,000 and \$14,350, for a playground. The remaining fund balance as of December 31, 2009 was \$20,249. The project was completed in June of 2010; however, the Village was unable to provide evidence (invoices, contracts and timesheets) that any expenditures relating to the playground project occurred in 2010, 2011, 2012, 2013 or 2014. Unless otherwise provided in the grant agreement, unspent grant funds should be returned to the grantor upon the completion of the project for which the grant was intended.

The Fiscal Officer should contact ODNR to obtain guidance as to whether the Village needs to return the unused portion of the grant.

Official's Response: The Council President is in contact with the grantor to resolve this situation.

**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2012-001	Finding for Recovery of \$537 against the Jacksonville Volunteer Fire Department and in favor of the Village Fire Fund.	Yes	N/A
2012-002	Noncompliance and Material Weakness relating to Ohio Rev. Code § 5705.10(l) relating to negative fund balances	No	Repeated as Finding 2014-008.
2012-003	Noncompliance relating to Ohio Rev. Code § 5705.36 for not filing a certificate of estimated resources.	No	Repeated, in part, in Finding 2014-006.
2012-004	Noncompliance relating to Ohio Rev. Code § 5705.38(A) for not adopting appropriations.	No	Repeated as Finding 2014-009.
2012-005	Noncompliance and Material Weakness of Ohio Rev. Code § 5705.41(D)(1) for failure to certify expenditures prior to incurring the obligation	No	Repeated as Finding 2014-011.
2012-006	Noncompliance and Material Weakness relating to Ohio Admin Code § 117-2-02 relating inadequate accounting records.	No	Repeated as Finding 2014-001.
2012-007	Material Weakness for not paying Court Computerization monies into a separate fund.	Yes	N/A
2012-008	Material Weakness for Lack of Segregation of Duties/Monitoring.	No	Repeated as Finding 2014-012.
2012-009	Material Weakness relating to material financial statement adjustments.	No	Repeated as Finding 2014-002.
2012-010	Material Weakness relating to unexpended ODNR grant funds that may need returned.	No	Repeated as Finding 2014-014.

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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
JANUARY 5, 2016