



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF JACKSONVILLE  
ATHENS COUNTY

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, 2020 .....	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary Fund Types For the Year Ended December 31, 2020 .....	4
Notes to the Financial Statements For the Year Ended December 31, 2020 .....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2019 .....	15
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary Fund Types For the Year Ended December 31, 2019 .....	16
Notes to the Financial Statements For the Year Ended December 31, 2019 .....	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 .....	31

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2020 and 2019, and related notes of the Village of Jacksonville, Athens County, Ohio (the Village).

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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Efficient • Effective • Transparent

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, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2020 and 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter. In addition, as discussed in Note 14 to the December 31, 2019 financial statements, the Village restated fund balances at December 31, 2018 to correctly account for a prior year adjustment. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 29, 2021

**Village of Jacksonville, Ohio***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, 2020*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$47,653	\$31,448	\$0	\$79,101
Intergovernmental	22,080	112,290	0	134,370
Charges for Services	0	8,400	0	8,400
Miscellaneous	9,776	11,398	0	21,174
<i>Total Cash Receipts</i>	<u>79,509</u>	<u>163,536</u>	<u>0</u>	<u>243,045</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	4,025	95,772	0	99,797
Leisure Time Activities	1,024	0	243	1,267
Transportation	0	25,256	0	25,256
General Government	44,033	0	0	44,033
Debt Service:				
Principal Retirement	4,808	12,945	0	17,753
Interest and Fiscal Charges	3,339	8,989	0	12,328
<i>Total Cash Disbursements</i>	<u>57,229</u>	<u>142,962</u>	<u>243</u>	<u>200,434</u>
<i>Net Change in Fund Cash Balances</i>	22,280	20,574	(243)	42,611
<i>Fund Cash Balances, January 1</i>	<u>177</u>	<u>49,824</u>	<u>6,300</u>	<u>56,301</u>
<i>Fund Cash Balances, December 31</i>	<u>\$22,457</u>	<u>\$70,398</u>	<u>\$6,057</u>	<u>\$98,912</u>

*See accompanying notes to the basic financial statements*

**Village of Jacksonville, Ohio**  
*Athens County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2020*

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$196,017
Miscellaneous	11,796
	<u>207,813</u>
<i>Total Operating Cash Receipts</i>	<u>207,813</u>
<b>Operating Cash Disbursements</b>	
Personal Services	29,207
Employee Fringe Benefits	4,335
Contractual Services	100,319
Supplies and Materials	6,439
Other	4,410
	<u>144,710</u>
<i>Total Operating Cash Disbursements</i>	<u>144,710</u>
<i>Operating Income</i>	<u>63,103</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	2,401
Loans Issued	190,730
Capital Outlay	(248,444)
Principal Retirement	(11,299)
Interest and Other Fiscal Charges	(7,955)
	<u>(74,567)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(74,567)</u>
<i>Loss before Transfers</i>	(11,464)
Transfers In	18,000
Transfers Out	(18,000)
	<u>(11,464)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(11,464)</u>
<i>Fund Cash Balances, January 1</i>	<u>160,017</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$148,553</u></u>

*See accompanying notes to the basic financial statements*



**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

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

***Jointly Governed Organizations and Public Entity Risk Pools***

The Village participates in a jointly governed organization and a public entity risk pool.

- Jointly Governed Organization: Trimble Township Wastewater Treatment District – A regional sewer district that also provides billing services for the Village's sewer utility services.
- Public Entity Risk Pool: Public Entities Pool of Ohio – A risk sharing pool available to Ohio local governments that provides property and casualty coverage for its members.

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

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***FEMA Grant EMW-2018-F Fund*** The FEMA Grant EMW-2018-F Fund accounts for and reports that portion of state and federal grant money restricted for federal emergency management agency projects within the Village.

**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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

**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 funds:

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

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

**Water Operating Fund** The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***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.

***Budgetary Process***

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

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

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

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 4.

**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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***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.

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

***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, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 – Compliance**

Contrary to Ohio law, at December 31, 2020, the Village's Water operating Fund had expenditures in excess of appropriations of \$145,961.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,264	\$79,509	\$13,245
Special Revenue	174,661	163,536	(11,125)
Capital Projects	0	0	0
Enterprise	249,772	418,944	169,172
<b>Total</b>	<b>\$490,697</b>	<b>\$661,989</b>	<b>\$171,292</b>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,874	\$57,830	\$5,044
Special Revenue	187,099	168,747	18,352
Capital Projects	6,300	243	6,057
Enterprise	294,123	440,084	(145,961)
<b>Total</b>	<b>\$550,396</b>	<b>\$666,904</b>	<b>(\$116,508)</b>

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

<b>Cash Management Pool:</b>	2020
Demand Deposits	\$247,465

**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2019, the village is holding \$2,567 in unremitted employee payroll withholdings.

***Deposits***

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

**Note 6 – Taxes**

***Property Taxes***

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

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

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

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

**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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2020

Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

***Workers' Compensation***

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

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Note 10 – Debt**

Debt outstanding at December 31, 2020, was as follows:

**Village of Jacksonville, Ohio**  
Athens County  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2020  
(Continued)

	Principal	Interest Rate
Consolidated Loan	\$272,166	4.50%
Water Improvement Bonds	116,096	5.88%
Ohio Water Development Authority Loan #8346	339,945	0.00%
Ohio Public Works Commission Loan	171,090	0.00%
Total	\$899,297	

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, 2020 is \$18,000.

The Ohio Water Development Authority (OWDA) loan relates to a water distribution system replacement project. Revenue from the water system has been pledged to repay this debt. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2020, the Village has borrowed \$320,305 at no interest. The loan will be repaid in semi-annual statements over 30 years. No amortization schedule has been prepared as project is not complete.

The Ohio Public Works Commission (OPWC) loan relates to a water distribution system improvements project. The OPWC approved up to \$184,400 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$4,345, including interest, over 20 years. The scheduled payment amount below assumes that \$173,790 borrowed. The OPWC will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

***Amortization***

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

Year Ending December 31:	Consolidated Loan	Water Improvement Bonds	OPWC Loan
2021	30,992	18,000	4,345
2022	30,992	18,000	8,690
2023	30,992	18,000	8,690
2024	30,992	18,000	8,690
2025	30,992	18,000	8,690
2026-2030	154,960	60,292	43,450
2031-2035	38,740	0	43,445
2036-2040	0	0	43,445
2041	0	0	4,345
Total	\$348,660	\$150,292	\$173,790

**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 11 – Contingent Liabilities**

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

**Note 12 – Jointly Governed Organizations**

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

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. These amounts are recorded in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**Note 14 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				\$0
Unclaimed Monies	\$0	\$0	\$0	0
Corpus	0	0	0	0
Outstanding Encumbrances	601	25,785	0	26,386
<i>Total</i>	<u>\$601</u>	<u>\$25,785</u>	<u>\$0</u>	<u>\$26,386</u>



**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

**Note 15 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. The effect of this change did not result in any restatement of beginning cash balances.

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**Village of Jacksonville, Ohio***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, 2019*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$46,468	\$21,425	\$0	\$67,893
Intergovernmental	22,171	125,695	0	147,866
Charges for Services	0	37,901	0	37,901
Fines, Licenses and Permits	604	0	0	604
Miscellaneous	1,479	15,075	0	16,554
<i>Total Cash Receipts</i>	<u>70,722</u>	<u>200,096</u>	<u>0</u>	<u>270,818</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	3,963	137,156	0	141,119
Leisure Time Activities	1,038	0	13,952	14,990
Transportation	0	15,106	0	15,106
General Government	41,805	0	0	41,805
Capital Outlay	0	7,552	0	7,552
Debt Service:				
Principal Retirement	4,566	12,294	0	16,860
Interest and Fiscal Charges	3,580	9,639	0	13,219
<i>Total Cash Disbursements</i>	<u>54,952</u>	<u>181,747</u>	<u>13,952</u>	<u>250,651</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>15,770</u>	<u>18,349</u>	<u>(13,952)</u>	<u>20,167</u>
<b>Other Financing Receipts</b>				
Sale of Capital Assets	0	6,301	0	6,301
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>6,301</u>	<u>0</u>	<u>6,301</u>
<i>Net Change in Fund Cash Balances</i>	15,770	24,650	(13,952)	26,468
<i>Fund Cash Balances, January 1</i>	<u>(15,593)</u>	<u>25,174</u>	<u>20,252</u>	<u>29,833</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	48,892	6,300	55,192
Assigned	0	932	0	932
Unassigned	177	0	0	177
	<u>\$177</u>	<u>\$49,824</u>	<u>\$6,300</u>	<u>\$56,301</u>

*See accompanying notes to the basic financial statements*

**Village of Jacksonville, Ohio**

*Athens County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Proprietary Fund Types*

*For the Year Ended December 31, 2019*

	Proprietary Fund Types
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$170,390
Miscellaneous	508
<i>Total Operating Cash Receipts</i>	<u>170,898</u>
<b>Operating Cash Disbursements</b>	
Personal Services	31,798
Employee Fringe Benefits	5,607
Contractual Services	167,612
Supplies and Materials	5,192
<i>Total Operating Cash Disbursements</i>	<u>210,209</u>
<i>Operating Loss</i>	<u>(39,311)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	250,000
Loans Issued	320,305
Capital Outlay	(529,956)
Principal Retirement	(18,702)
Interest and Other Fiscal Charges	(551)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>21,096</u>
<i>Loss before Transfers</i>	(18,215)
Transfers In	15,000
Transfers Out	(15,000)
<i>Net Change in Fund Cash Balances</i>	(18,215)
<i>Fund Cash Balances, January 1</i>	<u>178,232</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$160,017</u></u>

*See accompanying notes to the basic financial statements*

**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

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

***Jointly Governed Organizations and Public Entity Risk Pools***

The Village participates in a jointly governed organization and a public entity risk pool.

- Jointly Governed Organization: Trimble Township Wastewater Treatment District – A regional sewer district that also provides billing services for the Village's sewer utility services.
- Public Entity Risk Pool: Public Entities Pool of Ohio – A risk sharing pool available to Ohio local governments that provides property and casualty coverage for its members.

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

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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

**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 funds:

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

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

**Water Operating Fund** The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***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.

***Budgetary Process***

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

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

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

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 4.

**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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***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.

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(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, at December 31, 2019 the Village's appropriations exceeded the amount certified as available by the budget commission in the General Fund by \$13,411. Also contrary to Ohio law, at December 31, 2019, the Village's Water operating Fund had expenditures in excess of appropriations of \$442,505. Currently, management is taking steps to reduce spending and has implemented a system of accounting that will facilitate in the monitoring of the Village's finances. Management has also implemented a system of disciplinary action for any employee who fails to follow proper purchasing procedures or fails to obtain a purchase order prior to making a purchase.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,935	\$70,722	\$12,787
Special Revenue	200,385	206,397	6,012
Capital Projects	0	0	0
Enterprise	193,525	756,203	562,678
<b>Total</b>	<b>\$451,845</b>	<b>\$1,033,322</b>	<b>\$581,477</b>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,827	\$54,952	\$1,875
Special Revenue	218,217	181,747	36,470
Capital Projects	34,752	13,952	20,800
Enterprise	332,111	774,418	(442,307)
<b>Total</b>	<b>\$641,907</b>	<b>\$1,025,069</b>	<b>(\$383,162)</b>

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:



**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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	2019
<b><i>Cash Management Pool:</i></b>	
Demand Deposits	\$216,318

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2019, the village is holding no unremitted employee payroll withholdings.

***Deposits***

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

**Note 6 – Taxes**

***Property Taxes***

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

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**

**Risk Pool Membership**

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

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

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

**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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2019

Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

***Workers' Compensation***

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

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019.

**Note 10 – Debt**

Debt outstanding at December 31, 2019, was as follows:

**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

	Principal	Interest Rate
Consolidated Loan	\$290,658	4.50%
Water Improvement Bonds	\$126,655	5.88%
Ohio Water Development Authority Loan #8346	320,305	0.00%
Total	\$737,618	

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, 2019 is \$18,000.

The Ohio Water Development Authority (OWDA) loan relates to a water distribution system replacement project. Revenue from the water system has been pledged to repay this debt. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2019, the Village has borrowed \$320,305 at no interest. The loan will be repaid in semi-annual statements over 30 years. No amortization schedule has been prepared as project is not complete.

***Amortization***

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

Year Ending December 31:	Consolidated Loan	Water Improvement Bonds
2020	\$30,992	\$18,000
2021	30,992	18,000
2022	30,992	18,000
2023	30,992	18,000
2024	30,992	18,000
2025-2029	154,960	78,292
2030-2032	69,732	0
Total	\$379,652	\$168,292

**Note 11 – Contingent Liabilities**

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

**Village of Jacksonville, Ohio**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**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 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 14 – Restatement of Beginning Balances**

In 2019, the Township posted a prior period adjustment to 2019 financial statements decreasing General Fund by \$1,004, increasing Street Construction, Maintenance, and Repair Fund (2011) by \$2,164, increasing State Highway Fund (2021) by \$175, increasing Fire Levy Fund (2901) by \$783, decreasing Permissive Sales Tax Fund (2111) by \$2,014, and decreasing Water Operating Fund (5101) by \$104. This had the following effect on fund balances as of December 31, 2018:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Fund Balance December 31, 2018	(\$14,589)	\$24,066	\$20,252	\$178,336	\$208,065
Adjustment for Prior Period	(1,004)	1,108	0	(104)	0
Restated Fund Balance December 31, 2018	(15,593)	25,174	20,252	178,232	208,065

# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2020 and 2019, and related notes of the Village of Jacksonville, Athens County, Ohio (the Village), and have issued our report thereon dated November 29, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Village and that the Village restated fund balances at December 31, 2018 to correctly account for a prior year adjustment.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 2020-004 and 2020-005 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 financial statement. 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 2020-001 through 2020-003.

**Village'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 subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

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



Keith Faber  
Auditor of State  
Columbus, Ohio

November 29, 2021

**VILLAGE OF JACKSONVILLE  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Noncompliance**

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

At December 31, 2019, the Village's appropriations exceeded the amount certified as available by the budget commission in the General Fund by \$13,411.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Village Council to reduce the appropriations.

**Official's Response:** With the recovery of the deficit in the General Fund complete, Council will strive to ensure that appropriations for future budget years do not exceed estimated resources.

**FINDING NUMBER 2020-002**

**Noncompliance**

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Water operating Fund had expenditures in excess of appropriations of \$145,961 and \$442,505, as of December 31, 2020 and 2019, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**Official's Response:** In the future, we will better plan the recording of pass through expenditures on project which caused this issue of noncompliance.

**VILLAGE OF JACKSONVILLE  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

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

**FINDING NUMBER 2020-003**

**Noncompliance**

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a 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 Rev. Code.

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

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a 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 – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an 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 certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village Council 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, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. 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.

Due to deficiencies in internal controls, two of three (or 66 percent) and one of three (or 33 percent) of the transactions tested at year-end 2020 and 2019, respectively, were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. In addition, the Village utilized blanket certificates for certain transactions during 2020 and 2019 without establishing a maximum by resolution or ordinance. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.



VILLAGE OF JACKSONVILLE  
ATHENS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)

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

FINDING NUMBER 2020-003  
(Continued)

**Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

**Official's Response:** This is the first time the Village has been made aware that such a requirement exists. The Village will establish an ordinance or resolution setting the maximum amount for regular blanket and super blanket certificates before the end of year in 2021.

FINDING NUMBER 2020-004

**Material Weakness- Contracts**

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 and the Village of Trimble during 2019 and 2020 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:** Council will work with the Fire Chief to update and obtain up to date contracts for fire services.

FINDING NUMBER 2020-005

**Material Weakness- Financial Reporting**

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

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

VILLAGE OF JACKSONVILLE  
ATHENS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)

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

FINDING NUMBER 2020-005  
(Continued)

**Material Weakness- Financial Reporting (Continued)**

For the year ended December 31, 2020:

- The Fiscal Officer incorrectly posted debt payments in the USDA Water Improvement Fund resulting in an increase to Interest and Fiscal Charges and a decrease in Principal Retirement of \$7,441, respectively.
- The Fiscal Officer did not record on-behalf activity relating to debt for the Water operating Fund resulting in an increase in Loans Issued of \$190,730, a decrease in Intergovernmental receipts of \$19,640, and an increase in Capital Outlay of \$171,090.
- The Fiscal Officer did not post the December utility receipts until the following January in the Water Operating Fund resulting in an increase in Charges for Services of \$12,735. As this error also occurred in 2019, the Fund Cash Balance, January 1 was also increased and Charges for Services decreased by \$13,973, respectively.

For the year ended December 31, 2019:

- The Fiscal Officer did not record on-behalf activity relating to debt and misclassified some entries for the Water operating Fund resulting in an increase in Loans Issued of \$320,305, an increase in Intergovernmental receipts of \$250,000, a decrease in Miscellaneous receipts of \$40,349, and an increase in Capital Outlay of \$529,956.
- The Fiscal Officer did not post the December utility receipts until the following January in the Water Operating Fund resulting in an increase in Charges for Services of \$13,973.

There were also corrections made to the notes to the financial statements based on audit adjustments. These misstatements were caused by confusion over proper posting and disclosures required. As a result, reclassifications, with which the Village's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

The Fiscal Officer should refer to the Village Officer's Handbook and take additional care in posting transactions to the Village's ledgers in order to ensure the financial statements reflect the appropriate classifications.

**Official's Response:** A debt service fund has been established for the posting of future USDA debt payments. Guidance will be requested for future posting of on-behalf activity. Water receipts were posted in the Uniform Accounting Network system on the date that the deposit was made at the bank. The Village will request that the bank that accepts water payments establish a cut off time on the last day of the year to ensure the deposit can be made to the Village's corporate account on the same business day.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Noncompliance with Ohio Rev. Code § 149.351(A) and Ohio Admin. Code 117-2-02(A) for failing to maintain support for a projected \$1,782 of Miscellaneous receipts in the General Fund.	Partially Corrected	The Village has implemented procedures and controls to help prevent destruction of supporting documentation. The impact was lessened in this audit. The Village is working to ensure this is corrected.
2018-002	Noncompliance with Ohio Revised Code § 5705.10(I) for a negative fund balance in the General Fund.	Fully Corrected	N/A
2018-003	Noncompliance with Ohio Rev. Code § 5705.39 for appropriations exceeded estimated resources	Not Corrected	Council will ensure that all appropriation ordinances do not exceed estimated resources.
2018-004	Noncompliance with Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	Not Corrected	Council will ensure that funds are not expended without appropriations approved by Council.
2018-005	Material Weakness noted for financial reporting due to material audit adjustments and reclassifications.	Not Corrected	The Village is working to ensure there are not audit adjustments or reclassifications to record.
2018-006	Material Weakness for inadequate segregation of duties without compensating controls	Fully Corrected	N/A
2018-007	Material Weakness for budgetary amounts in the accounting system materially varying from formally approved amounts.	Fully Corrected	N/A

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF JACKSONVILLE**

**ATHENS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 12/14/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)