



**VILLAGE OF JACKSONVILLE
ATHENS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF JACKSONVILLE
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Jacksonville
Athens County
7 West Main Street
P.O. Box 185
Jacksonville, Ohio 45740

To the Village Council:

We have audited the accompanying financial statements of the Village of Jacksonville, Athens County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Jacksonville, Athens County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2000, 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 grants.

This report is intended solely for the information and use of the management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 15, 2000

**VILLAGE OF JACKSONVILLE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$17,647	\$8,723	\$	\$26,370
Intergovernmental Receipts	18,783	42,596		61,379
Charges for Services	2,400	15,200		17,600
Fines, Licenses, and Permits	1,467			1,467
Miscellaneous	13,286	1,593		14,879
	<u>53,583</u>	<u>68,112</u>	<u>0</u>	<u>121,695</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	22,923	19,789		42,712
Public Health Services	266			266
Leisure Time Activities	2,002			2,002
Transportation		12,486		12,486
General Government	22,105	4,256		26,361
Debt Service:				
Principal Payments			9,833	9,833
Interest Payments			320	320
Capital Outlay		400		400
	<u>47,296</u>	<u>36,931</u>	<u>10,153</u>	<u>94,380</u>
Total Receipts Over/(Under) Disbursements	<u>6,287</u>	<u>31,181</u>	<u>(10,153)</u>	<u>27,315</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds or Notes			9,143	9,143
Transfers-In		1,170	1,010	2,180
Transfers-Out	(2,180)			(2,180)
	<u>(2,180)</u>	<u>1,170</u>	<u>10,153</u>	<u>9,143</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,107	32,351	0	36,458
Fund Cash Balances, January 1	<u>21,315</u>	<u>255</u>	<u>0</u>	<u>21,570</u>
Fund Cash Balances, December 31	<u>\$25,422</u>	<u>\$32,606</u>	<u>\$0</u>	<u>\$58,028</u>

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

**VILLAGE OF JACKSONVILLE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$86,170	\$	\$86,170
Miscellaneous	50		50
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	86,220	0	86,220
Operating Cash Disbursements:			
Personal Services	1,544		1,544
Contractual Services	53,958		53,958
Supplies and Materials	1,022		1,022
Capital Outlay	500		500
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	57,024	0	57,024
Operating Income/(Loss)	<hr/>	<hr/>	<hr/>
	29,196	0	29,196
Non-Operating Cash Receipts:			
Other Non-Operating Cash Receipts		1,709	1,709
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Receipts	0	1,709	1,709
Non-Operating Cash Disbursements:			
Debt Service	18,727		18,727
Other Non-Operating Cash Disbursements	281	1,709	1,990
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Disbursements	19,008	1,709	20,717
Net Receipts Over/(Under) Disbursements	10,188	0	10,188
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	28,475	0	28,475
Fund Cash Balances, December 31	<hr/> \$38,663 <hr/>	<hr/> \$0 <hr/>	<hr/> \$38,663 <hr/>

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

**VILLAGE OF JACKSONVILLE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$6,657	\$9,278	\$	\$15,935
Intergovernmental Receipts	17,258	56,204		73,462
Charges for Services	7,200	5,200		12,400
Fines, Licenses, and Permits	6,120			6,120
Miscellaneous	4,420	2,872		7,292
	<u>41,655</u>	<u>73,554</u>	<u>0</u>	<u>115,209</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	9,824	38,601		48,425
Leisure Time Activities	401	266		667
Transportation		41,493		41,493
General Government	24,076			24,076
Debt Service:				
Principal Payments			10,615	10,615
Interest Payments			1,170	1,170
Financing and Other Debt-Service Related			30	30
	<u>34,301</u>	<u>80,360</u>	<u>11,815</u>	<u>126,476</u>
Total Receipts Over/(Under) Disbursements	<u>7,354</u>	<u>(6,806)</u>	<u>(11,815)</u>	<u>(11,267)</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds or Notes			4,860	4,860
Transfers-In			6,955	6,955
Transfers-Out	(1,041)	(5,694)		(6,735)
	<u>(1,041)</u>	<u>(5,694)</u>	<u>11,815</u>	<u>5,080</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,313	(12,500)	0	(6,187)
Fund Cash Balances, January 1	<u>15,002</u>	<u>12,755</u>	<u>0</u>	<u>27,757</u>
Fund Cash Balances, December 31	<u>\$21,315</u>	<u>\$255</u>	<u>\$0</u>	<u>\$21,570</u>

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

**VILLAGE OF JACKSONVILLE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$90,452	\$	\$90,452
Total Operating Cash Receipts	90,452	0	90,452
Operating Cash Disbursements:			
Personal Services	1,316		1,316
Contractual Services	50,935		50,935
Supplies and Materials	3,262		3,262
Capital Outlay	100		100
Total Operating Cash Disbursements	55,613	0	55,613
Operating Income/(Loss)	34,839	0	34,839
Non-Operating Cash Receipts:			
Other Non-Operating Cash Receipts		5,920	5,920
Total Non-Operating Cash Receipts	0	5,920	5,920
Non-Operating Cash Disbursements:			
Debt Service	18,786		18,786
Other Non-Operating Cash Disbursements	125	6,430	6,555
Total Non-Operating Cash Disbursements	18,911	6,430	25,341
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	15,928	(510)	15,418
Transfers-Out	(220)		(220)
Net Receipts Over/(Under) Disbursements	15,708	(510)	15,198
Fund Cash Balances, January 1	12,767	510	13,277
Fund Cash Balances, December 31	\$28,475	\$0	\$28,475

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

**VILLAGE OF JACKSONVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Jacksonville, Athens County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including maintenance of streets, water utility services, park operations (leisure time activities), and police and fire protection services

The Village is associated with the Trimble Township Wastewater Treatment District, which is defined as a jointly governed organization. This organization is presented in Note 9.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

State Highway Improvement Fund - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing state highways in the Village.

Permissive Tax Fund - This fund receives additional motor vehicle license tax money for constructing, maintaining and repairing Village streets.

VILLAGE OF JACKSONVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Parks and Recreation Fund - This fund receives money from donations and is used to maintain the Village park.

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

Street Light Levy Fund - This fund receives property tax money to install, maintain and repair Village street lights.

Federal Emergency Management Agency (FEMA) Fund - This fund received grant proceeds during 1999 to fund repairs to flood-damaged property of the Village.

Community Oriented Policing Services (COPS) Grant Fund - This fund receives grant proceeds from the U.S. Department of Justice to provide police protection to the citizens of the Village.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following Debt Service Fund:

General Obligation Note Fund - This fund receives transfers from the Street Construction, Maintenance and Repair Fund and Permissive Tax Fund for the payment of principal and interest on notes issued for street repairs and equipment.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

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

Water Trust Fund - This fund receives charges for services from residents for payment of future water utility improvements in the Village.

Water Note Retirement Fund - This fund receives transfers from the Water Fund and note debt rollover proceeds for payment of principal and interest on a note issued for waterline repairs.

Guaranteed Deposit Fund - This fund receives money from deposits for water service. This money is returned when the service is discontinued.

**VILLAGE OF JACKSONVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

5. Fiduciary Fund (Agency Fund)

Agency funds are used to account for funds for which the Village is acting in an agency capacity. The Village had the following Agency Fund:

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

D. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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 balances 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 commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$ 96,691</u>	<u>\$ 50,045</u>

VILLAGE OF JACKSONVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation. However, between September 14, 1999 and October 4, 1999, deposits ranging from \$7,000 and \$14,000 were not insured or collateralized, contrary to Ohio law.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 26,354	\$ 53,583	\$ 27,229
Special Revenue	44,353	69,282	24,929
Debt Service	6,010	10,153	4,143
Enterprise	116,550	86,220	(30,330)
Total	<u>\$ 193,267</u>	<u>\$ 219,238</u>	<u>\$ 25,971</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 50,801	\$ 49,476	\$ 1,325
Special Revenue	49,658	36,931	12,727
Debt Service	4,570	10,153	(5,583)
Enterprise	77,622	76,032	1,590
Total	<u>\$ 182,651</u>	<u>\$ 172,592</u>	<u>\$ 10,059</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 26,154	\$ 41,655	\$ 15,501
Special Revenue	47,553	73,554	26,001
Debt Service	11,010	11,815	805
Enterprise	116,550	90,452	(26,098)
Total	<u>\$ 201,267</u>	<u>\$ 217,476</u>	<u>\$ 16,209</u>

VILLAGE OF JACKSONVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 38,216	\$ 35,342	\$ 2,874
Special Revenue	84,724	86,054	(1,330)
Debt Service	6,650	11,815	(5,165)
Enterprise	79,620	74,744	4,876
Total	\$ 209,210	\$ 207,955	\$ 1,255

Actual expenditures exceeded the legislatively adopted appropriation measures for the Water Note and Backhoe Note Funds in 1999 and for the Street Construction, Maintenance and Repair, COPS Grant, Backhoe Note and Water Note Funds in 1998, contrary to Ohio law.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 1999, was as follows:

	Principal	Interest Rate
Water Improvement Bonds	\$ 268,300	5.875%
General Obligation Note (Backhoe)	4,230	6.75%
Total	\$ 272,530	

The water improvement bonds relate to the replacement/installation of waterlines in the Village. The general obligation notes relate to the purchase of a backhoe for the Village. The note was partially paid, with the balance being rolled-over into another general obligation note.

VILLAGE OF JACKSONVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. DEBT (Continued)

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

Year ending December 31:	Water Improvement Bonds	General Obligation Note (Backhoe)
2000	\$ 18,763	\$ 4,590
2001	18,786	0
2002	18,798	0
2003	18,599	0
2004	18,787	0
Subsequent	507,221	0
Total	\$ 600,954	\$ 4,590

6. RETIREMENT SYSTEMS

With the exception of one elected official who belongs to Social Security, all of the Village's employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates for are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

For 1998 and 1999, the member of Social Security contributed 6.2% of his gross salary to Social Security and 1.45% to Medicare. The Village contributed an amount equal to the official's share.

7. RISK MANAGEMENT

From January 1, 1998 through May 24, 1999, the Village carried commercial insurance for the following risks:

- General liability and casualty
- Property
- Vehicles
- Public officials' liability

As of May 24, 1999, the Village became 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 may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Property

**VILLAGE OF JACKSONVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

8. RELATED PARTY TRANSACTIONS

During 1999, a Village Council member purchased an old water van from the Village for \$100 and another Council member purchased an old cruiser for \$300. The equipment was not declared to be surplus equipment prior to this transaction.

The Village Council also approved the purchase of a truck which was owned and restored by the Mayor. The purchase price approved was \$800.

9. JOINTLY GOVERNED ORGANIZATION

Trimble Township Wastewater Treatment District - The Trimble Township Wastewater Treatment District is a regional sewer district organized under Chapter 6119 of the Ohio Revised Code. The District operates under the direction of an eight member Board of Trustees whose membership is composed of two appointments from each of the participating subdivisions: Village of Trimble, Village of Jacksonville, Village of Glouster, and Trimble Township. The membership elects a President, Vice-President, and a Secretary-Treasurer, who are responsible for fiscal control of the financial resources of the District. To obtain financial information, write to the Trimble Township Wastewater Treatment District, Mary Ann Dupler, Secretary-Treasurer, at 18551 Jacksonville Road, P.O. Box 278, Jacksonville, Ohio 45740. During 1998, the Village paid the District \$423 for sewer services. During 1999, the Village paid the District \$615 for sewer services.

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STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Jacksonville
Athens County
7 West Main Street
P.O. Box 185
Jacksonville, Ohio 45740

To the Village Council:

We have audited the accompanying financial statements of the Village of Jacksonville, Athens County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-30705-001 to 1999-30705-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 15, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-30705-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 15, 2000.

This report is intended for the information and use of the management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

June 15, 2000

**VILLAGE OF JACKSONVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30705-001

Noncompliance Citation

Ohio Rev. Code Section 135.18 requires the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

The Village's depository balances significantly exceeded the \$100,000 covered by FDIC between September 14, 1999 and October 4, 1999. The Clerk had not contacted the bank to obtain additional pledged securities for the Village's accounts.

We recommend the Clerk contact the bank about securing additional pledged collateral or pooled securities on the Village's behalf when the Village's balance exceeds \$100,000.

FINDING NUMBER 1999-30705-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose 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 null and void and no warrant shall be issued in payment of any amount due thereon. This Section also provides two "exceptions" to the above requirements:

- A. "Then and Now" Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Council.

The Clerk was not certifying liabilities, contracts and open purchase commitments, and a "then and now" certificate was not being prepared.

We recommend the Clerk certify and encumber all expenditures prior to incurring the obligation and, when needed, obtain the appropriate "then and now" certificate. Consideration should be given to using blanket purchase orders for recurring monthly expenses.

**VILLAGE OF JACKSONVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

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

FINDING NUMBER 1999-30705-003

Noncompliance Citation

Ohio Rev. Code Section 721.15 requires that the sale of Village property be properly advertised and bid. If no one responds to the advertisement for bid, officials may purchase the property only after it is declared to be surplus property. Surplus property is defined as fixed assets which are considered to be no longer useful to the Village and unneeded prior to sale.

On December 21, 1999, an old water van and a police cruiser were purchased by two Village Council members, one of which was the Council President's son. While the two Council members making the offers did abstain from the vote to approve the sale, the Council President did not. Furthermore, these items were not declared as surplus and unneeded in the minutes resulting in potential confusion as to their availability for sale.

We recommend that the Village approve and declare items as surplus and unneeded prior to sale to Village officials or employees and that all related parties abstain from voting.

FINDING NUMBER 1999-30705-004

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the official or amended official estimate of total revenues.

For the year ended December 31, 1999, total appropriations exceeded total estimated revenue as follows:

1999 Estimated Revenue vs. Appropriations			
Fund	Estimated Revenue	Appropriation Authority	Variance
General	\$47,669	\$50,801	(\$3,132)
COPS Grant	(7,865)	6,200	(14,065)

For the year ended December 31, 1998, total appropriations exceeded total estimated revenue as follows:

1998 Estimated Revenue vs. Appropriations			
Fund	Estimated Revenue	Appropriation Authority	Variance
Fire	\$16,867	\$17,375	(\$508)
Parks and Recreation	266	290	(24)
FEMA	4,926	31,269	(26,343)
COPS Grant	6,837	15,900	(9,063)
Street Note	3,000	5,000	(2,000)

**VILLAGE OF JACKSONVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

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

FINDING NUMBER 1999-30705-004 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.39 (Continued)

We recommend that the Village compare appropriations to estimated resources throughout the period and make the necessary budgetary adjustments to ensure that appropriations do not exceed estimate resources. This comparison should be performed whenever amendments are approved by the Council.

FINDING NUMBER 1999-30705-005

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. Fund deficits can result when expenditures exceed the legislatively adopted appropriations.

For the year ended December 31, 1999, actual disbursements exceeded appropriations as follows:

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Backhoe Note	\$4,570	\$5,210	(\$640)
Water Note	0	4,943	(4,943)

For the year ended December 31, 1998, actual disbursements exceeded appropriations as follows:

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Street Construction, Maintenance and Repair	\$12,165	\$15,246	(\$3,081)
COPS Grant	15,900	16,077	(177)
Backhoe Note	600	5,653	(5,053)
Water Note	1,050	6,162	(5,112)

We recommend that the Village review budgetary information on regular basis to ensure disbursements do not exceed appropriations.

**VILLAGE OF JACKSONVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-30705-006

Reportable Condition

Supporting Documentation

Several vouchers were not signed by the Village Council members, indicating a lack of authorization and approval for payment. Additionally, several vouchers did not include sufficient supporting documentation, such as the original invoices.

While several 1998 records were lost or destroyed as a result of the 1998 flood, there were several instances noted subsequent to the flood for which no supporting documentation could be located. This can result in the Village making inappropriate or duplicate disbursements and having no documentation to support a dispute with a vendor if one occurs.

We recommend that vouchers be prepared and maintained which include all documentation supporting each expenditure, as well as the appropriate signatures of the Village Council Members and Clerk evidencing the approval and authorization of that expenditure.

**VILLAGE OF JACKSONVILLE
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1997-30705-001	A finding for recovery issued against the prior Clerk, Hope Mingus, in the amount of \$300 for water deposits which were collected but never deposited or reported.	Yes	N/A
1997-30705-002	Material noncompliance citation of Ohio Rev. Code Section 5705.41(D) for not certifying the availability of funds prior to incurring obligations.	No	Not Corrected: This is repeated in the Schedule of Findings as item 1999-30705-002.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF JACKSONVILLE

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 22, 2000**