

MANAGEMENT LETTER

Village of Jackson Center
Shelby County
122 East Pike Street
Jackson Center, Ohio 45334

To the Village Council:

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of the **Village of Jackson Center**, Shelby County (the Village), as of and for the years ended December 31, 2024 and 2023, and have issued our report thereon dated September 30, 2025.

Government Auditing Standards also requires that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in internal controls. We have issued the required report dated September 30, 2025, for the years ended December 31, 2024 and 2023.

We are also submitting for your consideration the following comments on the Village's compliance with applicable laws and regulations and on its internal controls. These comments reflect matters that, while in our opinion do not represent material instances of noncompliance or significant deficiencies in internal controls, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below. However, these comments reflect our continuing desire to assist your government. If you have any questions or concerns regarding these comments, please do not hesitate to contact us.

NONCOMPLIANCE

1. Ohio Revised Code Section 5705.39 states, in part, the total appropriations from each fund shall not exceed the total of estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. When the appropriation does not exceed such official estimate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure. Appropriations shall be made from each fund only for the purposes for which such fund is established.

During 2023, Appropriations exceeded Estimated Resources in the WWTP Pump Station & Sludge Improvements Fund by \$27,387 and in the Mayor's Court fund by \$1,351.

The Fiscal Officer and Village Council should monitor appropriations versus estimated resources to help avoid noncompliance. Officials should review the requirements of ORC section 5705 to be familiar with these laws and ensure the Village is complying with applicable sections..

In addition, during 2024 and 2023, the Village did not have a control procedure in place to ensure appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

We recommend the Village implement procedures to ensure estimated receipts and appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

NONCOMPLIANCE (CONTINUED)

2. Ohio Revised Code Section 733.40 states, in part, Except as otherwise provided in section 4511.193 of the Revised Code, all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor, that in any manner come into the mayor's hands, or that are due the mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses that have been advanced out of the treasury of the municipal corporation, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of each month.

During 2024 and 2023, there were several instances where monies collected by the Mayor during a month were not remitted to the Village by the first Monday of the following month.

We recommend the Fiscal Officer and Village Council monitor the Mayor's Court transactions and ensure the Mayor is remitting the monies to the Village in a timely manner.

RECOMMENDATIONS

1. Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Village's annual financial report were noted:

- Capitalized Interest on OWDA Loan 9823 was not recorded in the WWTP Pump Station & Sludge Improvements fund during 2023;
- OPWC Grant receipt was misclassified as Loans Issued instead of Intergovernmental in the JC Water Plant Replacement fund during 2024;
- Principal Cost Adjustment on OWDA Loan 9823 was not recorded in the Note Retirement fund during 2024;
- Principal and Interest on Loan 408 was not properly allocated in the General Fund in 2024; and
- Capitalized Interest on OWDA Loan 10965 was not recorded in the JC Water Plant Improvement fund during 2024;

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments, and the Village has posted all adjustments to its accounting system. There were also additional errors noted that were not material in nature and are, therefore, not reflected in the financial statements.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

2. Notes to Financial Statements

The required components of the financial statements will vary by entity type and basis of accounting. Regulatory Cash Basis entities are required to file financial statements and notes to the financial statements within 60 days of the fiscal year end. GASB Codification 2300 explains that notes to the financial statements are intended to communicate information that is necessary for a fair presentation of the financial statements that is not readily apparent from, or cannot be included in, the financial statements themselves. The notes to the financial statements are an integral part of the financial statements, intended to be read with the financial statements, and are the entity's responsibility to prepare. To ensure compliance with the annual financial report filing requirements, entities should plan sufficient time and engage any necessary assistance to prepare their annual financial report.

RECOMMENDATIONS (Continued)

2. Notes to Financial Statements

During the audit, aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures.

We recommend the Village use the available templates for financial statements and notes to the financial statements on the Auditor of State's website to prepare an accurate annual financial report.

These comments are intended for the information and use of the Village Council, management and others within the Village and are not intended to be and should not be used by anyone other than these specified parties.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

September 30, 2025