

VILLAGE OF JEROMESVILLE

ASHLAND COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2014 and 2013





Dave Yost • Auditor of State

Village Council
Village of Jeromesville
P.O. Box 83
Jeromesville, OH 44840

We have reviewed the *Independent Auditor's Report* of the Village of Jeromesville, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Jeromesville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 19, 2015

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VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

Village of Jeromesville
Ashland County
P.O. Box 83
Jeromesville, OH 44840

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Jeromesville, Ashland County, (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

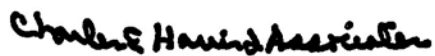
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows 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 combined cash balances of the Village of Jeromesville, Ashland County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
February 27, 2015

VILLAGE OF JEROMESVILLE
 ASHLAND COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 2014

	Governmental Fund Types			(Memorandum Only) Total
	General	Special Revenue	Debt Service	
RECEIPTS:				
Property and Other Local Taxes	\$ 32,217	\$ 3,000	-	\$ 35,217
Intergovernmental	23,498	25,530	-	49,028
Charges for Services	1,331	3,241	-	4,572
Earnings on Investments	317	83	-	400
Miscellaneous	1,717	1,194	-	2,911
Total Cash Receipts	59,080	33,048	-	92,128
DISBURSEMENTS:				
Current:				
Security of Persons and Property	2,576	4,240	-	6,816
Public Health Services	223	-	-	223
Leisure Time Activities	3,891	-	-	3,891
Transportation	1,868	23,893	-	25,761
General Government	38,386	-	-	38,386
Capital Outlay	-	1,348	-	1,348
Debt Service:				
Retirement of Principal	1,170	1,170	\$ 23,331	25,671
Interest and Fiscal Charges	253	253	39,682	40,188
Total Cash Disbursements	48,367	30,904	63,013	142,284
Cash Receipts Over/(Under) Cash Disbursements	10,713	2,144	(63,013)	(50,156)
Other Financing Sources (Uses):				
Transfers-In	-	-	64,431	64,431
Other Financing Uses	(3,616)	(5,737)	-	(9,353)
Total Other Financing Sources (Uses)	(3,616)	(5,737)	64,431	55,078
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	7,097	(3,593)	1,418	4,922
Fund Cash Balance, January 1, 2014	52,023	29,050	-	81,073
Fund Cash Balances:				
Restricted	-	25,457	-	25,457
Committed	-	-	1,418	1,418
Unassigned	59,120	-	-	59,120
Fund Cash Balance, December 31, 2014	\$ 59,120	\$ 25,457	\$ 1,418	\$ 85,995

See Accompanying Notes to the Financial Statements

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
For the Year Ended December 31, 2014**

	Proprietary Fund Type
	Enterprise
OPERATING CASH RECEIPTS:	
Charges for Services	\$ 228,485
Miscellaneous	14,379
	242,864
Total Operating Cash Receipts	242,864
OPERATING CASH DISBURSEMENTS	
Personal Services	22,114
Contractual Services	84,210
Supplies and Materials	5,695
	112,019
Total Operating Cash Disbursements	112,019
Operating Income (Loss)	130,845
NON OPERATING CASH RECEIPTS/ (DISBURSEMENTS)	
Other Financing Uses	(4,760)
Debt Service:	
Retirement of Principal	(8,905)
Interest and Fiscal Charges	(1,268)
	(14,933)
Total Non Operating Cash Receipts/ (Disbursements)	(14,933)
Income (Loss) Before Interfund Transfers/Advances	115,912
Transfers-Out	(64,431)
Advances-In	8,400
Advances-Out	(8,400)
	51,481
Net Income (Loss)	51,481
Fund Cash Balance, January 1, 2014	230,060
Fund Cash Balance, December 31, 2014	\$ 281,541

See Accompanying Notes to the Financial Statements

VILLAGE OF JEROMESVILLE
 ASHLAND COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 2013

	Governmental Fund Types			(Memorandum Only) Total
	General	Special Revenue	Debt Service	
RECEIPTS:				
Property and Other Local Taxes	\$ 28,839	\$ 3,305	-	\$ 32,144
Intergovernmental	25,522	25,612	-	51,134
Charges for Services	2,518	2,934	-	5,452
Earnings on Investments	329	95	-	424
Miscellaneous	26,896	142	-	27,038
Total Cash Receipts	84,104	32,088	-	116,192
DISBURSEMENTS:				
Current:				
Security of Persons and Property	5,495	2,596	-	8,091
Public Health Services	425	-	-	425
Leisure Time Activities	8,926	-	-	8,926
Transportation	-	22,269	-	22,269
General Government	45,005	-	-	45,005
Capital Outlay	45,549	13,440	-	58,989
Debt Service:				
Retirement of Principal	332	332	\$ 19,287	19,951
Interest and Fiscal Charges	47	47	40,201	40,295
Total Cash Disbursements	105,779	38,684	59,488	203,951
Cash Receipts Over/(Under) Cash Disbursements	(21,675)	(6,596)	(59,488)	(87,759)
Other Financing Sources (Uses):				
Sale of Notes	6,353	6,353	-	12,706
Transfers-In	-	-	55,944	55,944
Other Financing Uses	(564)	(100)	-	(664)
Total Other Financing Sources (Uses)	5,789	6,253	55,944	67,986
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	(15,886)	(343)	(3,544)	(19,773)
Fund Cash Balance, January 1, 2013	67,909	29,393	3,544	100,846
Fund Cash Balances:				
Restricted	-	29,050	-	29,050
Committed	-	-	-	-
Unassigned	52,023	-	-	52,023
Fund Cash Balance, December 31, 2013	\$ 52,023	\$ 29,050	\$ -	\$ 81,073

See Accompanying Notes to the Financial Statements

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
For the Year Ended December 31, 2013**

	Proprietary Fund Type
	Enterprise
OPERATING CASH RECEIPTS:	
Charges for Services	\$ 228,936
Miscellaneous	4,870
	233,806
Total Operating Cash Receipts	233,806
OPERATING CASH DISBURSEMENTS	
Personal Services	23,108
Contractual Services	88,048
Supplies and Materials	4,338
	115,494
Total Operating Cash Disbursements	115,494
Operating Income (Loss)	118,312
NON OPERATING CASH RECEIPTS/ (DISBURSEMENTS)	
Sale of Notes	5,445
Miscellaneous	122
Capital Outlay	(11,710)
Debt Service:	
Retirement of Principal	(7,858)
Interest and Fiscal Charges	(1,420)
	(15,421)
Total Non Operating Cash Receipts/ (Disbursements)	(15,421)
Income (Loss) Before Interfund Transfers/Advances	102,891
Transfers-Out	(55,944)
Advances-In	8,400
Advances-Out	(8,400)
	46,947
Net Income (Loss)	46,947
Fund Cash Balance, January 1, 2013	183,113
Fund Cash Balance, December 31, 2013	\$ 230,060

See Accompanying Notes to the Financial Statements

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Jeromesville, Ashland County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street repair and maintenance, and water and sewer services to the residents of the Village. The Jeromesville Community Fire Department provides fire protection services to the Village residents.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

C. DEPOSITS AND INVESTMENTS

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investments purchases or receipts for investments sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. 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 reports all financial resources except those required to be accounted for in another fund.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

D. **FUND ACCOUNTING - (continued)**

2. **Special Revenue Funds**

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline and motor vehicle tax money for construction, maintenance and repairing of Village streets.

3. **Debt Service Funds**

This fund is used to accumulate resources for the repayment of note indebtedness. The Village had the following significant Debt Service Fund:

Sewer Debt Fund – This fund is used to pay the principal and interest on a loan obtained to construct a Wastewater Treatment System.

4. **Enterprise Funds**

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

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

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

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. BUDGETARY PROCESS

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations at year-end are carried over to the subsequent year.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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. Encumbrances outstanding at year-end are canceled.

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

F. 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:

1. Nonspendable

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

2. 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.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. FUND BALANCE – (Continued)

3. Committed

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

4. 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, ordinance, or by State Statute.

5. Unassigned

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

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

G. PROPERTY, PLANT AND EQUIPMENT

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

H. 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.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2014</u>	<u>2013</u>
Demand Deposits	<u>\$367,536</u>	<u>\$311,133</u>
Total	<u><u>\$367,536</u></u>	<u><u>\$311,133</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

<u>Fund Type</u>	<u>2014 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 57,698	\$ 59,080	\$ 1,382
Special Revenue	31,637	33,048	1,411
Debt Service	59,587	64,431	4,844
Enterprise	233,045	251,264	18,219

<u>Fund Type</u>	<u>2014 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	<u>Total Appropriations</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 109,721	\$ 51,983	\$ 57,738
Special Revenue	61,112	36,641	24,471
Debt Service	63,131	63,013	118
Enterprise	453,105	199,783	253,322

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013

3. BUDGETARY ACTIVITY – (Continued)

<u>Fund Type</u>	<u>2013 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 88,590	\$ 90,457	\$ 1,867
Special Revenue	36,547	38,441	1,894
Debt Service	59,575	55,944	(3,631)
Enterprise	178,513	247,773	69,260

<u>Fund Type</u>	<u>2013 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	<u>Total Appropriations</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 156,498	\$ 106,343	\$ 50,155
Special Revenue	65,940	38,784	27,156
Debt Service	63,119	59,488	3,631
Enterprise	361,626	200,826	160,800

4. PROPERTY TAXES

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

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

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

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013

5. DEBT

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Loan	\$921,000	4.25%
General Obligation Note	20,427	4.25%
Ohio Public Works Commission Loan	116,939	0.00%
Promissory Note - Truck Loan	13,860	4.50%
Total	<u>\$1,072,226</u>	

The USDA loan relates to the construction of a Wastewater Treatment System. The loan will be repaid in annual installments. Interest is 4.25% per annum. Final maturity is in 2047.

The General Obligation Note relates to a municipal water project. The note will be repaid in monthly installments of \$747. Interest is 4.25%. Final maturity is 2017.

The Ohio Public Works Commission (OPWC) loan relates to a water treatment plant improvement project. The loan will be repaid in semi-annual installments of \$3,544, over 20 years. Interest is 0%. Final maturity is 2031.

The Promissory Note relates to the purchase of a truck to be used by the Street, Water, and Sewer Departments. It was obtained from Sutton Bank during 2013 and will be repaid in monthly installments of \$339. Interest is 4.5%. Final maturity is in 2018.

Amortization of the above debt is scheduled as follows:

Year ending	USDA Loan		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Decemebre 31:			
2015	\$13,300	\$39,142	\$52,442
2016	13,800	38,577	52,377
2017	14,400	37,991	52,391
2018	15,100	37,379	52,479
2019	15,700	36,737	52,437
2020-2024	88,900	173,112	262,012
2025-2029	109,600	152,532	262,132
2030-2034	134,800	127,186	261,986
2035-2039	166,100	95,987	262,087
2040-2044	204,500	57,557	262,057
2045-2047	144,800	11,778	156,578
Total	<u>\$921,000</u>	<u>\$807,978</u>	<u>\$1,728,978</u>

Year ending	General Obligation Note		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Decemebre 31:			
2015	\$8,244	\$709	\$8,953
2016	8,602	351	8,953
2017	3,581	37	3,618
Total	<u>\$20,427</u>	<u>\$1,097</u>	<u>\$21,524</u>

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013

6. DEBT – (Continued)

Year ending December 31:	<u>OPWC Loan</u>
2015	\$7,087
2016	7,087
2017	7,087
2018	7,087
2019	7,087
2020-2024	35,435
2025-2029	35,435
2030-2031	10,634
Total	<u><u>\$116,939</u></u>

Year ending	<u>Truck Loan</u>		
Decemebr 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$3,497	\$571	\$4,068
2016	3,658	410	4,068
2017	3,825	243	4,068
2018	2,880	67	2,947
Total	<u><u>\$13,860</u></u>	<u><u>\$1,291</u></u>	<u><u>\$15,151</u></u>

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10%, respectively of their gross salaries and the Village contributed an amount equaling 14%, respectively of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

7. RISK POOL MEMBERSHIP

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013

7. RISK POOL MEMBERSHIP – (Continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013 (the latest information available).

	2012	2013
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	\$6,413,188	\$5,805,909

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

8. INTERFUND ADVANCES

In 2011, the Village loaned \$30,000 of Sewer Fund money to the Water Fund. As of December 31, 2014, the amount outstanding was \$10,500. Also in 2011, the Village loaned \$10,000 from the Sewer Capital Improvement Fund to the Water Fund. As of December 31, 2014, the amount outstanding was \$2,200. The loan repayments are as follows:

	Sewer Fund Loan	Sewer Capital Improvement Fund Loan
Year ending December 31:		
2015	\$ 6,000	\$ 2,200
2016	4,500	-
Total	\$10,500	\$2,200

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013**

9. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
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Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Village of Jeromesville
Ashland County
P.O. Box 80
Jeromesville, OH 44840

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 Village of Jeromesville, Ashland County (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated February 27, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

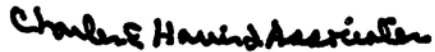
We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 27, 2015.

Entity's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Charles E. Harris and Associates, Inc.
February 27, 2015

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2014 and 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2014-001 – Material Weakness

The Village Officers' Handbook and the UAN accounting system provide suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

During 2013 and 2014, the Village erroneously recorded numerous transactions. The more significant adjustments are as follows:

- Directly recorded customers' water and sewer payments into the Debt Service Fund rather than recording all payments as Charges for Services in the Enterprise Fund, then transferring the required amount into the Debt Service Fund
- Recorded principal and interest payments as Interest and Other Fiscal Charges (this was the result of the accounting software company's not posting amounts correctly)
- Recorded Capital Outlay payments as Other Financing Uses
- Several ending fund balances in 2013 did not tie to the beginning fund balances in 2014 (Debt Service Funds were overstated by \$3,544 and Enterprise Funds were understated by \$3,544)

Adjustments were made in the financial statements and the Village's records to reflect the proper presentation.

We recommend that the Village refer to the Village Officer's Handbook and UAN accounting system to properly classify its transactions. We also recommend the Fiscal Officer review all reports compiled by the computer software company to ensure their accuracy.

Management Response:

Management will immediately put all water and sewer payments in the Enterprise funds and transfer money to the Debt service fund. The other adjustments will be corrected with assistance from the computer company.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2014 and 2013

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2012- Jeromesville- 001	Material Weakness - Financial Reporting: Various errors were noted in financial statements that required audit adjustments and reclassifications.	No	Not Corrected; Repeated as Finding 2014-001

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Dave Yost • Auditor of State

VILLAGE OF JEROMESVILLE

ASHLAND 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
JUNE 2, 2015