



**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2018-2017**



VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY

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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Jeromesville, Ashland County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

### ***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 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 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 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 (GAAP), to satisfy these requirements.

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 Section 117.38 and Ohio Administrative Code Section 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, 2018 and 2017, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Jeromesville, Ashland County as of December 31, 2018 and 2017, and 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.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the Debt Service Fund and Enterprise Fund beginning balances were restated as of January 1, 2017 due to the Enterprise Debt Service fund balance being incorrectly included in the Debt Service Fund. 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 January 14, 2020, 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

January 14, 2020

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**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY**

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$40,989		\$40,989
Intergovernmental	32,046	45,024	77,070
Special Assessments			0
Charges for Services	1,174	2,964	4,138
Earnings on Investments	1,044	118	1,162
Miscellaneous	2,522	114	2,636
<i>Total Cash Receipts</i>	<u>77,775</u>	<u>48,220</u>	<u>125,995</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	6,869		6,869
Leisure Time Activities	6,308		6,308
Transportation	794	39,899	40,693
General Government	59,968		59,968
Capital Outlay	31,230		31,230
Debt Service:			
Principal Retirement	1,785	1,438	3,223
Interest and Fiscal Charges	23	23	46
<i>Total Cash Disbursements</i>	<u>106,977</u>	<u>41,360</u>	<u>148,337</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,202)</u>	<u>6,860</u>	<u>(22,342)</u>
<b>Other Financing (Disbursements)</b>			
Other Financing Uses	(2,354)	(801)	(3,155)
<i>Total Other Financing (Disbursements)</i>	<u>(2,354)</u>	<u>(801)</u>	<u>(3,155)</u>
<i>Net Change in Fund Cash Balances</i>	(31,556)	6,059	(25,497)
<i>Fund Cash Balances, January 1</i>	<u>78,295</u>	<u>44,929</u>	<u>123,224</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		50,988	50,988
Assigned	36,873		36,873
Unassigned	9,866		9,866
<i>Fund Cash Balances, December 31</i>	<u>\$46,739</u>	<u>\$50,988</u>	<u>\$97,727</u>

See accompanying notes to the financial statements

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY**

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
Proprietary Fund Type  
For the Year Ended December 31, 2018

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$216,845
Miscellaneous	16,242
<i>Total Operating Cash Receipts</i>	233,087
<b>Operating Cash Disbursements</b>	
Personal Services	34,846
Contractual Services	95,960
Supplies and Materials	32,660
<i>Total Operating Cash Disbursements</i>	163,466
<i>Operating Income</i>	69,621
<b>Non-Operating (Disbursements)</b>	
Capital Outlay	(16,225)
Principal Retirement	(22,788)
Interest and Other Fiscal Charges	(37,397)
Other Financing Uses	(1,612)
<i>Total Non-Operating (Disbursements)</i>	(78,022)
<i>Net Change in Fund Cash Balances</i>	(8,401)
<i>Fund Cash Balances, January 1</i>	368,591
<i>Fund Cash Balances, December 31</i>	\$360,190

*See accompanying notes to the financial statements*

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For The Year Ended December 31, 2018**

**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 Year Ended December 31, 2018  
(Continued)

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. **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.

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

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.

VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO

Notes to the Financial Statements  
For The Year Ended December 31, 2018  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. BUDGETARY PROCESS – (continued)

3. Encumbrances

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

A summary of 2018 budgetary activity appears in Note 4.

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.

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.

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For The Year Ended December 31, 2018  
(Continued)**

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

**F. FUND BALANCE – (continued)**

**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.

**2. EQUITY IN POOLED DEPOSITS**

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

	2018
Demand Deposits	<u>\$457,917</u>
Total	<u><u>\$457,917</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.

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For The Year Ended December 31, 2018  
(Continued)**

**3. COMPLIANCE**

Contrary to Ohio law, the Village posted \$4,337 of General Fund revenue to the Special Revenue Fund and \$3,185 and \$1,368, respectively, of General Fund tax revenue and general government expenditures to the Enterprise Fund.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2018 is as follows:

<u>Fund Type</u>	<u>2018 Budgeted vs. Actual Receipts</u>		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 79,433	\$ 77,775	\$ (1,658)
Special Revenue	33,000	48,220	15,220
Enterprise	224,487	233,087	8,600
<b>TOTALS</b>	<b>\$ 336,920</b>	<b>\$ 359,082</b>	<b>\$ 22,162</b>

<u>Fund Type</u>	<u>2018 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	Total Appropriations	Budgetary Disbursements	Variance
General	\$ 150,875	\$ 109,573	\$ 41,302
Special Revenue	78,526	42,161	36,365
Enterprise	587,404	241,488	345,916
<b>TOTALS</b>	<b>\$ 816,805</b>	<b>\$ 393,222</b>	<b>\$ 423,583</b>

**5. 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 Year Ended December 31, 2018  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
USDA Loan	\$864,400	4.25%
Ohio Public Works Commision Loan	84,939	0.00%
Total	\$949,339	

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 Ohio Public Works Commission (OPWC) loan relates to a water treatment plant improvement project. The loan will be repaid in semi-annual installments of \$3,398, over 20 years. Interest is 0%. Final maturity is 2031.

Amortization of the above debt is scheduled as follows:

Year ending Decemebr 31:	USDA Loan		
	Principal	Interest	Total
2019	15,700	36,737	52,437
2020	16,300	36,090	52,390
2021	17,000	35,377	52,377
2022	17,800	34,655	52,455
2023	18,500	33,898	52,398
2024-2028	105,100	156,999	262,099
2029-2033	129,400	132,685	262,085
2034-2038	159,300	102,757	262,057
2039-2043	196,200	65,896	262,096
2044-2047	189,100	20,515	209,615
Total	\$864,400	\$655,609	\$1,520,009

Year ending December 31:	OPWC Loan
2019	6,795
2020	6,795
2021	6,795
2022	6,795
2023	6,795
2024-2028	33,976
2029-2031	16,988
Total	\$84,939



**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For The Year Ended December 31, 2018  
(Continued)**

**7. DEFINED BENEFIT PLAN**

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. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**8. POSTEMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018.

**9. RISK POOL MEMBERSHIP**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), (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.

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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO

Notes to the Financial Statements  
For The Year Ended December 31, 2018  
(Continued)

9. **RISK POOL MEMBERSHIP** – (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	(10,734,623)
Members' Equity	\$4,330,789

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

10. **CONTINGENT LIABILITIES/SUBSEQUENT EVENTS**

Management believes there are no pending claims or lawsuits.

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY**

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2017

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$39,873		\$39,873
Intergovernmental	31,190	27,411	58,601
Special Assessments			0
Charges for Services	25	2,924	2,949
Earnings on Investments	2,120	120	2,240
Miscellaneous	4,606		4,606
<i>Total Cash Receipts</i>	<u>77,814</u>	<u>30,455</u>	<u>108,269</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	6,571		6,571
Leisure Time Activities	6,527		6,527
Transportation	133	16,860	16,993
General Government	56,367		56,367
Capital Outlay			0
Debt Service:			
Principal Retirement	1,277	1,277	2,554
Interest and Fiscal Charges	146	146	292
<i>Total Cash Disbursements</i>	<u>71,021</u>	<u>18,283</u>	<u>89,304</u>
<i>Excess of Receipts Over Disbursements</i>	<u>6,793</u>	<u>12,172</u>	<u>18,965</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	0	7,000	7,000
Transfers Out	(7,000)	0	(7,000)
Other Financing Uses	(3,706)	(39)	(3,745)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(10,706)</u>	<u>6,961</u>	<u>(3,745)</u>
<i>Net Change in Fund Cash Balances</i>	(3,913)	19,133	15,220
<i>Fund Cash Balances, January 1, as restated</i>	<u>82,208</u>	<u>25,796</u>	<u>108,004</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		44,929	44,929
Assigned	74,340		74,340
Unassigned	3,955		3,955
<i>Fund Cash Balances, December 31</i>	<u>\$78,295</u>	<u>\$44,929</u>	<u>\$123,224</u>

See accompanying notes to the financial statements

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY**

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
Proprietary Fund Type  
For the Year Ended December 31, 2017

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$223,892
Miscellaneous	28
	223,920
<i>Total Operating Cash Receipts</i>	<i>223,920</i>
<b>Operating Cash Disbursements</b>	
Personal Services	35,104
Contractual Services	68,534
Supplies and Materials	22,070
Other	5,886
	131,594
<i>Total Operating Cash Disbursements</i>	<i>131,594</i>
<i>Operating Income</i>	<i>92,326</i>
<b>Non-Operating (Disbursements)</b>	
Capital Outlay	(2,583)
Principal Retirement	(25,896)
Interest and Other Fiscal Charges	(38,388)
Other Financing Uses	(4,503)
	(71,370)
<i>Total Non-Operating (Disbursements)</i>	<i>(71,370)</i>
<i>Net Change in Fund Cash Balances</i>	<i>20,956</i>
<i>Fund Cash Balances, January 1, as restated</i>	<i>347,635</i>
<i>Fund Cash Balances, December 31</i>	<i>\$368,591</i>

*See accompanying notes to the financial statements*

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For The Year Ended December 31, 2017**

**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 Year Ended December 31, 2017  
(Continued)

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. **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.

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

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.

VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO

Notes to the Financial Statements  
For The Year Ended December 31, 2017  
(Continued)

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

E. **BUDGETARY PROCESS** – (continued)

3. **Encumbrances**

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

A summary of 2017 budgetary activity appears in Note 5.

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.

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.

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For The Year Ended December 31, 2017  
(Continued)**

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

**F. FUND BALANCE – (continued)**

**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.

**2. RESTATEMENT OF FUND BALANCES**

The Debt Service Fund and Enterprise Fund beginning balances were restated as of January 1, 2017 due to the Enterprise Fund Debt Service activity being included in the Debt Service Fund in the prior year financial statements. The effect of the restatement is noted below:

Debt Service Fund Balance, December 31, 2016	\$	(44,724)
Enterprise Debt Service should have been included in the Enterprise Funds		44,724
Restated Beginning Balance, January 1, 2017	\$	-
Enterprise Fund Balance, December 31, 2016	\$	392,359
Enterprise Debt Service should have been included in the Enterprise Funds		(44,724)
Restated Beginning Balance, January 1, 2017	\$	347,635



**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For The Year Ended December 31, 2017  
(Continued)**

**3. EQUITY IN POOLED DEPOSITS**

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

	2017
Demand Deposits	\$491,815
Total	\$491,815

*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.

**4. COMPLIANCE**

Contrary to Ohio law, the Village posted \$2,252 of General Fund revenue to the Special Revenue Fund and \$1,703 of General Fund tax revenue to the Enterprise Fund.

**5. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2017 is as follows:

<u>Fund Type</u>	<u>2017 Budgeted vs. Actual Receipts</u>		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 112,289	\$ 77,814	\$ (34,475)
Special Revenue	25,000	37,455	12,455
Enterprise	247,757	223,920	(23,837)
<b>TOTALS</b>	<b>\$ 385,046</b>	<b>\$ 339,189</b>	<b>\$ (45,857)</b>

<u>Fund Type</u>	<u>2017 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	Total Appropriations	Budgetary Disbursements	Variance
General	\$ 110,200	\$ 84,625	\$ 25,575
Special Revenue	26,500	19,978	6,522
Enterprise	486,623	210,341	276,282
<b>TOTALS</b>	<b>\$ 623,323</b>	<b>\$ 314,944</b>	<b>\$ 308,379</b>

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For The Year Ended December 31, 2017  
(Continued)**

**6. 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.

**7. DEBT**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Loan	\$879,500	4.25%
Ohio Public Works Commission Loan	91,734	0.00%
Promissory Note - Truck Loan	3,322	4.50%
Total	<u>\$974,556</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 Ohio Public Works Commission (OPWC) loan relates to a water treatment plant improvement project. The loan will be repaid in semi-annual installments of \$3,398, 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.

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For The Year Ended December 31, 2017  
(Continued)**

**7. DEBT – (continued)**

Amortization of the above debt is scheduled as follows:

Year ending Decemebr 31:	USDA Loan		
	Principal	Interest	Total
2018	\$15,100	\$37,379	52,479
2019	15,700	36,737	52,437
2020	16,300	36,090	52,390
2021	17,000	35,377	52,377
2022	17,800	34,654	52,454
2023-2027	100,800	161,283	262,083
2028-2032	124,100	137,959	262,059
2033-2037	152,800	109,250	262,050
2038-2042	188,200	73,895	262,095
2043-2047	231,700	30,362	262,062
Total	<u>\$879,500</u>	<u>\$692,986</u>	<u>\$1,572,486</u>

Year ending December 31:	OPWC Loan
2018	6,795
2019	6,795
2020	6,795
2021	6,795
2022	6,795
2023-2027	33,976
2028-2031	23,783
Total	<u>\$91,734</u>

Year ending Decemebr 31:	Truck Loan		
	Principal	Interest	Total
2018	3,322	67	3,389
Total	<u>\$3,322</u>	<u>\$67</u>	<u>\$3,389</u>

**8. DEFINED BENEFIT PLAN**

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. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For The Year Ended December 31, 2017  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**10. RISK POOL MEMBERSHIP**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), (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.

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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

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, 2017.

	2017	
Assets	\$14,853,620	
Liabilities	(9,561,108)	
Members'		-
Equity	<u>\$5,292,512</u>	-

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For The Year Ended December 31, 2017  
(Continued)**

**11. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS**

Management believes there are no pending claims or lawsuits.

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# OHIO AUDITOR OF STATE KEITH FABER



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CentralRegion@ohioauditor.gov

## 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 83  
Jeromesville, Ohio 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 cash balances, receipts, and disbursements by fund type of the Village of Jeromesville, Ashland County, Ohio, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2020, 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. We also noted the Debt Service Fund and Enterprise Fund beginning balances were restated as of January 1, 2017 due to the Enterprise Debt Service fund balance being incorrectly included in the Debt Service Fund.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 through 2018-003 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-002 and 2018-003.

***Village's Response to Findings***

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

January 14, 2020



**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-001**

**Financial Statement Presentation – Material Weakness**

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.

Due to the lack of internal controls in place to ensure receipts, expenditures, and fund balances are properly classified on the financial statements, the following adjustments were posted to the financial statements and applicable footnote disclosures for the years ended December 31, 2017 and 2018:

<b>Error Description</b>	<b>2017</b>	<b>2018</b>
Reclassification of property insurance and auditing fees from Other Financing Uses to General Government in the General Fund.	\$10,800	
Reclassification of local government revenue from Miscellaneous to Intergovernmental Receipts in the General Fund.	\$4,717	\$4,729
Reclassification of homestead and rollback revenue from Property Tax to Intergovernmental Receipts in the General Fund.	\$2,238	
Reclassification of a receipt from Samaritan Hospital from Earnings on Investment to Miscellaneous Receipts in the General Fund.	\$2,676	
Reclassification of fund balance for outstanding encumbrances and subsequent appropriations from Unassigned to Assigned fund balance in the General Fund.	\$74,340	\$36,873
Reclassification of property/liability insurance from Other Financing Uses (Non-operating) to Other Disbursements (Operating) in the Enterprise Fund.	\$5,886	
Reclassification of Enterprise Debt Service activity from the Debt Service fund type to the Enterprise fund type.	Principal Retirement \$14,400; Interest \$37,991; Cash \$52,391	
Restatement of fund balance from Debt Service to Enterprise. These changes have been posted to the Village's accounting system.	\$44,724	
Elimination of the Transfers-Out from the Enterprise Fund and Transfers-In to the Debt Service Fund related to negative fund balance and debt payments due to debt activity being reclassified to the Enterprise Fund.	\$100,417	
Reclassification of debt payments from Principal Retirement to Interest in the Enterprise Fund.		\$37,379
Reclassification of disbursements from Other Financing Uses to Capital Outlay in the Enterprise Fund.		\$16,225
Reclassification of disbursements from Principal Retirement and Interest to Supplies and Materials in the Enterprise Fund.	Principal \$2,584 Interest \$114	

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)**

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

**FINDING NUMBER 2018-001 (Continued)**

**Financial Statement Presentation – Material Weakness (Continued)**

In addition to the reclassifications noted above, we also identified additional misstatements in 2018 ranging from \$481 to \$827 that we have brought to the Village's attention.

The 2017 and 2018 note disclosures required significant adjustments to the Equity in Pooled Deposits, Budgetary Activity, and Debt notes, while the Post Employment Benefit note was added for each year.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

The Village should review the Village Officer's Handbook and exercise due care when posting transactions to help ensure receipts are posted to the correct fund and account. Additionally, the Village should review GASB 54 and Auditor of State Bulletin 2011-004 and ensure they are accurately classifying fund balances. This will help more accurately reflect the Village's financial activity and will aid in more accurate financial reporting.

**Officials' Response:**

The Village understands the importance of accurate posting of receipts and disbursements. There has been a lot of turnover in the Fiscal Officer position, but the Council will make sure the new Fiscal Officer has the tools and proper training to do their duties. Also, the Council will develop controls and procedures to review transactions during Council meetings.

VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)

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

FINDING NUMBER 2018-002

**Non-Compliance/Material Weakness – Revenue Posting Error**

**Ohio Rev. Code § 5735.28** states "wherever a municipal corporation is on the line of the state highway system as designated by the director of transportation as an extension or continuance of the state highway system, seven and one-half per cent of the amount paid to any municipal corporation pursuant to sections 4501.01 and 5735.27 of the Revised Code shall be used by it only to construct, reconstruct, repave, widen, maintain, and repair such highways, to purchase, erect, and maintain traffic lights and signals, and to erect and maintain street and traffic signs and markers on such highways, or to pay principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133 of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for such purposes.

The Village did not always credit the correct percentages to the State Highway (SH) Fund and the Street Construction, Maintenance and Repair (SCMR) Fund, as follows:

Year	Revenue Type	SH Fund	SCMR Fund
2018	Motor Vehicle License Tax	Overstated \$2,076	Understated \$2,076
2018	Gasoline Tax	Overstated \$8,471	Understated \$8,471
2017	Gasoline Tax	Overstated \$2,128	Understated \$2,128

These amounts have been adjusted to the Village's accounting system and financial statements.

The Village should establish controls to ensure gasoline tax and motor vehicle license taxes are being posted to the correct funds as required by statute.

**Officials' Response:**

The Village understands the importance of posting intergovernmental receipts in the proper funds in order to provide the necessary services and repairs to the Village roads. The Council will develop controls and procedures to review budgeted versus actual revenues by fund to timely detect any possible errors in revenue postings.

VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)

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

FINDING NUMBER 2018-003

**Non-Compliance/Material Weakness – Revenue Posting Error**

**Ohio Rev. Code § 5705.10 (A)** indicates all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.

**Ohio Rev. Code § 5705.10 (D)** indicates all revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid into the general fund.

Due to a lack of internal controls in place to ensure receipts and expenditures are properly classified on the financial statements, the following errors were noted:

- In 2018 and 2017, \$4,337 and \$2,252, respectively, of General Fund homestead and rollback (intergovernmental) receipts were posted to the Special Revenue Fund.
- In 2017, \$1,703 of General Fund property tax receipts were posted to the Enterprise Fund.
- In 2018, \$3,185 and \$1,368, respectively, of General Fund property tax receipts and general government disbursements were posted to the Enterprise Fund.

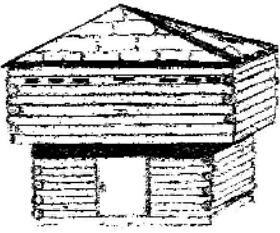
These amounts were adjusted to the Village's accounting system and financial statements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

The Village should exercise due care when posting receipts to ensure receipts are posted to the correct funds. This will help more accurately reflect the Village's financial activity and will aid in more accurate financial reporting.

**Officials' Response:**

The Village understands the importance of posting property tax receipts in the proper funds in order to provide the necessary services and repairs to the Village roads. The Council will develop controls and procedures to review budgeted versus actual revenues by fund to timely detect any possible errors in revenue postings. Also, the Village will adopt controls and procedures over system adjustments to avoid errors occurring when adjustments are made to the ledgers.



# THE VILLAGE OF JEROMESVILLE, OHIO

ESTABLISHED IN 1815 ● RANDY SPADE, MAYOR

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001 2014-001	Financial Statement Presentation – Material Weakness (first issued in 2012)	Not Corrected	See Finding 2018-001
2016-002	Material Noncompliance – 5705.10(I) – Negative fund balances.	Fully Corrected	
2016-003	Material Noncompliance – 5705.39 – Appropriations exceeded estimated resources.	Fully Corrected	

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**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  
MARCH 3, 2020**