

VILLAGE OF JEROMESVILLE

ASHLAND COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Jeromesville
P, O, Box 83
Jeromesville, Ohio 44840

We have reviewed the *Independent Auditor's Report* of the Village of Jeromesville, Ashland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2020. 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 cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 19, 2021

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**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO**

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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 for each governmental and proprietary fund type as of and for the years ended December 31, 2020 and 2019, and related notes of the Village of Jeromesville, Ashland County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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), as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Jeromesville's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Jeromesville's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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 of Jeromesville 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 "Unmodified 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 of Jeromesville, as of December 31, 2020 and 2019, or changes in net position, or cash flows thereof for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2020 and 2019, and related notes of the Village of Jeromesville, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 1.

Emphasis of Matters

As described in Note 14 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Jeromesville. As described in Note 13 to the financial statements, during 2020, the Village of Jeromesville adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. Our opinions are not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021 on our consideration of the Village of Jeromesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Jeromesville's 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 of Jeromesville's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 25, 2021

Village of Jeromesville, Ohio
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, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$39,802	\$0	\$39,802
Intergovernmental	37,348	105,719	143,067
Charges for Services	0	2,820	2,820
Earnings on Investments	200	135	335
Miscellaneous	14,040	0	14,040
<i>Total Cash Receipts</i>	<u>91,390</u>	<u>108,674</u>	<u>200,064</u>
Cash Disbursements			
Current:			
Leisure Time Activities	9,529	0	9,529
Transportation	0	11,116	11,116
General Government	56,472	67,178	123,650
Capital Outlay	964	0	964
<i>Total Cash Disbursements</i>	<u>66,965</u>	<u>78,294</u>	<u>145,259</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>24,425</u>	<u>30,380</u>	<u>54,805</u>
<i>Net Change in Fund Cash Balances</i>	24,425	30,380	54,805
<i>Fund Cash Balances, January 1</i>	<u>38,727</u>	<u>37,666</u>	<u>76,393</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$63,152</u></u>	<u><u>\$68,046</u></u>	<u><u>\$131,198</u></u>

See accompanying notes to the financial statements

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

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$201,746
<i>Total Operating Cash Receipts</i>	<i>201,746</i>
Operating Cash Disbursements	
Personal Services	37,743
Employee Fringe Benefits	5,308
Contractual Services	85,526
Supplies and Materials	30,527
<i>Total Operating Cash Disbursements</i>	<i>159,104</i>
<i>Operating Income (Loss)</i>	<i>42,642</i>
Non-Operating Receipts (Disbursements)	
Special Assessments	13,364
Earnings on Investments (proprietary funds only)	135
Principal Retirement	(23,095)
Interest and Other Fiscal Charges	(36,070)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(45,666)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(3,024)</i>
<i>Fund Cash Balances, January 1</i>	<i>327,949</i>
<i>Fund Cash Balances, December 31</i>	<i>\$324,925</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, 2020**

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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, 2020**

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.

Federal Cares Grant Fund – This fund receives money related to the Federal Cares Grant for COVID-19 related expenditures.

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.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2020**

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 fund, function, or 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 2020 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.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2020

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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

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 Year Ended December 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

I. BASIS OF PRESENTATION

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

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:

	2020
Demand Deposits	\$456,123
Total	\$456,123

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. COMPLIANCE

The Village was in noncompliance with the following:

- Ohio Revised Code Section 5705.41(D) due to invoices being dated before purchase orders.
- Ohio Revised Code Section 5735.28 for mis-allocating motor vehicle license tax receipts.
- Ohio Revised Code 5705.10(I) for having deficit fund balances.

4. BUDGETARY ACTIVITY

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

<u>Fund Type</u>	<u>2020 Budgeted vs. Actual Receipts</u>		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 101,467	\$ 91,390	\$ (10,077)
Special Revenue	102,978	108,674	5,696
Enterprise	273,987	215,245	(58,742)
TOTALS	\$ 478,432	\$ 415,309	\$ (63,123)

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2020**

4. BUDGETARY ACTIVITY - (continued)

<u>2020 Budgeted vs. Actual Budgetary Based Disbursements</u>				
<u>Fund Type</u>	<u>Total</u>	<u>Budgetary</u>		
	<u>Appropriations</u>	<u>Disbursements</u>	<u>Variance</u>	
General	\$ 108,681	\$ 66,964	\$ 41,717	
Special Revenue	145,008	78,294	66,714	
Enterprise	601,936	218,268	383,668	
TOTALS	\$ 855,625	\$ 363,526	\$ 492,099	

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.

6. DEBT

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Loan	\$832,400	4.25%
Ohio Public Works Commission Loan	\$74,747	0.00%
Total	<u>\$907,147</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 2032.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2020**

6. DEBT - (continued)

Amortization of the above debt is scheduled as follows:

Year ending Decemembr 31:	USDA Loan		
	Principal	Interest	Total
2021	17,000	35,377	52,377
2022	17,800	34,655	52,455
2023	18,500	33,898	52,398
2024	19,300	33,112	52,412
2025	20,100	32,292	52,392
2026-2030	114,200	147,875	262,075
2031-2035	140,600	121,457	262,057
2036-2040	173,200	88,927	262,127
2041-2045	213,200	48,867	262,067
2046-2047	98,500	6,324	104,824
Total	<u>\$832,400</u>	<u>\$582,784</u>	<u>\$1,415,184</u>

Year ending December 31:	OPWC Loan
2021	\$6,795
2022	\$6,795
2023	\$6,795
2024	\$6,795
2025	\$6,795
2026-2030	\$33,975
2031-2032	\$6,797
Total	<u>\$74,747</u>

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2020**

7. 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 2020, 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, 2020.

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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

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, 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. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. 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. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019 (the latest information available).

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2020**

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, 2019 (the latest information available).

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

10. INTERFUND TRANSFERS

There were no interfund transfers during 2020.

11. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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

12. FUND BALANCES

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The Village had no outstanding encumbrances at December 31, 2020.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances, if applicable. In the general fund, outstanding encumbrances are considered assigned, if applicable.

13. CHANGE IN ACCOUNTING PRINCIPLES

For 2020, the Village has made changes to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2020**

14. COVID-19

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

During 2020, the Village received \$67,178 as an on-behalf of grant from another government. These amounts are recorded in the Federal Cares Grant Special Revenue Fund.

Village of Jeromesville, Ohio
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, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$41,362	\$0	\$41,362
Intergovernmental	33,355	30,948	64,303
Charges for Services	550	2,720	3,270
Earnings on Investments	254	131	385
Miscellaneous	7,623	87	7,710
<i>Total Cash Receipts</i>	<u>83,144</u>	<u>33,886</u>	<u>117,030</u>
Cash Disbursements			
Current:			
Security of Persons and Property	3,905	0	3,905
Leisure Time Activities	8,678	0	8,678
Transportation	2,368	46,970	49,338
General Government	65,318	0	65,318
Capital Outlay	10,887	0	10,887
<i>Total Cash Disbursements</i>	<u>91,156</u>	<u>46,970</u>	<u>138,126</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,012)</u>	<u>(13,084)</u>	<u>(21,096)</u>
Other Financing Receipts (Disbursements)			
Other Financing Uses	0	(238)	(238)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(238)</u>	<u>(238)</u>
<i>Net Change in Fund Cash Balances</i>	(8,012)	(13,322)	(21,334)
<i>Fund Cash Balances, January 1</i>	<u>46,739</u>	<u>50,988</u>	<u>97,727</u>
Fund Cash Balances, December 31			
Restricted	0	39,528	39,528
Assigned	34,385	0	34,385
Unassigned (Deficit)	4,342	(1,862)	2,480
<i>Fund Cash Balances, December 31</i>	<u>\$38,727</u>	<u>\$37,666</u>	<u>\$76,393</u>

See accompanying notes to the financial statements

Village of Jeromesville, Ohio
Ashland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$202,036
Miscellaneous	174
<i>Total Operating Cash Receipts</i>	<i>202,210</i>
Operating Cash Disbursements	
Personal Services	40,905
Contractual Services	84,363
Supplies and Materials	50,149
<i>Total Operating Cash Disbursements</i>	<i>175,417</i>
<i>Operating Income (Loss)</i>	<i>26,793</i>
Non-Operating Receipts (Disbursements)	
Principal Retirement	(19,098)
Interest and Other Fiscal Charges	(36,737)
Other Financing Uses	(3,199)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(59,034)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(32,241)</i>
<i>Fund Cash Balances, January 1</i>	<i>360,190</i>
<i>Fund Cash Balances, December 31</i>	<i>\$327,949</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, 2019**

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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, 2019**

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 Reserve Fund - This fund is used to pay for repairs to the Wastewater Treatment System and principal and interest payments on the related bonds, when necessary.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2019

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 fund, function, or 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 2019 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.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2019**

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.

I. BASIS OF PRESENTATION

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

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2019**

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:

	2019
Demand Deposits	\$404,342
Total	\$404,342

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. COMPLIANCE

The Village was in noncompliance with the following:

- Ohio Revised Code Section 5705.41(D) due to invoices being dated before purchase orders.
- Ohio Revised Code Section 5735.28 for mis-allocating gasoline tax receipts.
- Ohio Revised Code 5705.10(I) for having deficit fund balances.

4. BUDGETARY ACTIVITY

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

<u>Fund Type</u>	<u>2019 Budgeted vs. Actual Receipts</u>		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 94,058	\$ 83,144	\$ (10,914)
Special Revenue	35,800	33,886	(1,914)
Enterprise	273,987	202,210	(71,777)
TOTALS	\$ 403,845	\$ 319,240	\$ (84,605)

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2019**

4. BUDGETARY ACTIVITY – (Continued)

<u>2019 Budgeted vs. Actual Budgetary Basis Disbursements</u>				
<u>Fund Type</u>	<u>Total</u>		<u>Budgetary</u>	
	<u>Appropriations</u>		<u>Disbursements</u>	<u>Variance</u>
General	\$ 130,688	\$	91,155	\$ 39,533
Special Revenue	93,377		47,208	46,169
Enterprise	637,697		234,452	403,245
TOTALS	\$ 861,762	\$	372,815	\$ 488,947

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.

6. DEBT

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Loan	\$848,700	4.25%
Ohio Public Works Commission Loan	81,542	0.00%
Total	\$930,242	

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 2032.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2019**

6. DEBT – (Continued)

Amortization of the above debt is scheduled as follows:

Year ending Decemebr 31:	USDA Loan		
	Principal	Interest	Total
2020	16,300	36,070	52,370
2021	17,000	35,377	52,377
2022	17,800	34,655	52,455
2023	18,500	33,898	52,398
2024	19,300	33,112	52,412
2025-2029	109,600	152,533	262,133
2030-2034	134,800	127,186	261,986
2035-2039	166,100	95,986	262,086
2040-2044	204,500	57,558	262,058
2045-2047	144,800	12,478	157,278
Total	<u>\$848,700</u>	<u>\$618,853</u>	<u>\$1,467,553</u>

Year ending December 31:	OPWC Loan
2020	6,795
2021	6,795
2022	6,795
2023	6,795
2024	6,795
2025-2029	33,976
2030-2032	13,591
Total	<u>\$81,542</u>

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2019**

7. 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 2019, 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, 2019.

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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

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, 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. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. 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. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2019**

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, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

10. INTERFUND TRANSFERS

There were no interfund transfers during 2019.

11. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Jeromesville, Ashland, County, Ohio, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 25, 2021, wherein we noted as described in Note 1 to the financial statements, the Village of Jeromesville followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. As described in Note 14 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Jeromesville. Additionally, as described in Note 13 to the financial statements, during 2020, the Village of Jeromesville adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Jeromesville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Jeromesville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Jeromesville's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village of Jeromesville's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001, 2020-002, and 2020-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Jeromesville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2020-002 through 2020-004.

The Village of Jeromesville's Responses to Findings

The Village of Jeromesville's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village of Jeromesville's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Jeromesville's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Jeromesville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
June 25, 2021

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Material Weakness - Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the Village, this could also include reviewing the year-end UAN reports to ensure activity is reported in the correct line items, all on-behalf activity is included, and fund balances are properly classified.

Certain adjustments were made to the financial statements and notes to the financial statements, for both 2020 and 2019, to properly state financial statement amounts.

The financial statements and notes have been adjusted to properly report the activity.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village's activity.

We recommend the Village design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Village should consider having an outside third-party, or Council member with financial experience, review the financial report prior to filing in the Hinkle System. Further, the Village should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Village understands the importance of accurate posting of receipts and disbursements. Since our last Audit, we have implemented additional controls and procedures to ensure Council is reviewing monthly accounting reports. Our Fiscal Officer will continue to attend trainings and improve policies and procedures to ensure complete and accurate representation of the Village's activity.

Finding Number	2020-002
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Material Weakness/Noncompliance – 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."

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
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Finding Number	2020-002 - (Continued)
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The Village did not credit the correct percentages to the State Highway Fund and the Street Construction, Maintenance and Repair Fund, as follows:

- For the year ended December 31, 2020, gasoline tax was overstated by \$3,349 in the State Highway fund and understated by \$3,930 in the Street Construction, Maintenance and Repair Fund. In addition, motor vehicle license tax was overstated by \$30 and \$529 in the Street Construction, Maintenance and Repair Fund and the State Highway Funds, respectively. The remaining cash balance of \$22 was incorrectly recorded in the General Fund as Intergovernmental Receipts.
- For year ended December 31, 2019, motor vehicle license tax was overstated by \$2,820 in the State Highway Fund and understated by \$2,820 in the Street Construction, Maintenance and Repair Fund.

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

By not allocating funds in accordance with the Ohio Revised Code, the Village is at risk of spending resources contrary to a fund's restricted purpose.

We recommend the Village establish controls to ensure gasoline tax and motor vehicle license taxes are being posted to the correct funds as required by statute. Further, the Village should reach out to its auditor throughout the year if questions arise on how to properly account for these receipts.

Client 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 Fiscal Officer will confer with the auditor that our method of posting is accurate moving forward.

Finding Number	2020-003
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Material Weakness/Noncompliance – Purchase Orders

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Village did not properly certify 48.65% percent of disbursements made during the year ended December 31, 2020 and 65.52% percent of disbursements made during the year ended December 31, 2019.

Without certification, the Village may expend more funds than available in the treasury, or in the process of collection, or appropriated. This may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village may also use “Then & Now” certification to approve a purchase order, when applicable.

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2020-003 - (Continued)

Client Response: The Village understands the importance of certifying all orders and contracts involving the expenditures of money prior to purchase in order to ensure there are proper resources available in the treasury. We will review with the auditor the specific timeframe needed for such certification as well as the proper procedure for utilizing “Then & Now” certifications. We will also create and implement policies and procedures to prevent potential overspending.

Finding Number	2020-004
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Noncompliance – Negative Fund Balances

Ohio Revised Code Section 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit fund balance indicates money from another fund or funds was used to pay obligations of funds that carry the deficit fund balance.

Negative fund balances existed in the Debt Service and Sewer Reserve funds at December 31, 2020 and in the Street Construction, Maintenance and Repair, Debt Service, and Sewer Reserve funds at December 31, 2019.

The Village may be using money from one fund to cover disbursements for another fund.

We recommend that fund activity be closely monitored to prevent future disbursements in excess of available resources.

Client Response: The Village understand the importance of properly funding disbursements with only available resources. Turnover in the Fiscal Officer position resulted in confusion as to the purpose and status of these specifics funds. We will work to correct the proper fund balances with the auditor and ensure proper use of such funds. Further policies and procedures will be implemented to prevent overdrawn fund balances in the future.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO**

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

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2018-001	2012	<u>Material Weakness - Financial Statement Presentation</u> - The Village had receipts and disbursements that were posted incorrectly according to the Village Handbook and the Ohio Revised Code.	Not Corrected	Finding repeated at 2020-001 as certain adjustments were made to the report.
2018-002	2018	<u>Noncompliance/Material Weakness - Revenue Posting Error - Ohio Revised Code Section 5735.28</u> outlines the posting of gasoline tax and motor vehicle license tax receipts to the proper funds. The Village posted receipts to the incorrect funds.	Not Corrected	Finding repeated at 2020-002 as certain adjustments were made to the report.
2018-003	2018	<u>Noncompliance/Material Weakness - Revenue Posting Error - Ohio Revised Code Sections 5705.10(A) and 5705.10(D)</u> outline the proper posting of property tax receipts to the correct funds. The Village posted the receipts to improper funds.	Corrected	N/A

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF JEROMESVILLE

ASHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/31/2021

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

This report is a matter of public record and is available online at
www.ohioauditor.gov