

***VILLAGE OF JEROMESVILLE***

**ASHLAND COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2016 and 2015**







# Dave Yost • Auditor of State

Village Council  
Village of Jeromesville  
PO Box 83  
Jeromesville, OH 44840

We have reviewed the *Independent Auditor's Report* of the Village of Jeromesville, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

October 6, 2017

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**VILLAGE OF JEROMESVILLE**  
**ASHLAND COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2016 and 2015**

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**INDEPENDENT AUDITOR'S REPORT**

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

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Jeromesville, Ashland County, (the Village) as of and for the years ended December 31, 2016 and 2015.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***


In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Jeromesville, Ashland County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
July 23, 2017



VILLAGE OF JEROMESVILLE  
 ASHLAND COUNTY, OHIO  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES**  
**(REGULATORY CASH BASIS) ALL GOVERNMENTAL FUND TYPES**  
 For the Year Ended December 31, 2016

	Governmental Fund Types			(Memorandum Only) Total
	General	Special Revenue	Debt Service	
<b>RECEIPTS:</b>				
Property and Other Local Taxes	\$ 39,239	-	-	\$ 39,239
Intergovernmental	31,774	\$ 25,663	-	57,437
Charges for Services	-	2,966	-	2,966
Earnings on Investments	231	124	-	355
Miscellaneous	1,501	100	-	1,601
<b>Total Cash Receipts</b>	<b>72,745</b>	<b>28,853</b>	<b>-</b>	<b>101,598</b>
<b>DISBURSEMENTS:</b>				
<b>Current:</b>				
Security of Persons and Property	2,938	26	-	2,964
Leisure Time Activities	6,998	-	-	6,998
Transportation	3,003	27,570	-	30,573
General Government	42,880	-	-	42,880
<b>Debt Service:</b>				
Retirement of Principal	1,362	1,198	\$ 13,800	16,360
Interest and Fiscal Charges	143	143	38,577	38,863
<b>Total Cash Disbursements</b>	<b>57,324</b>	<b>28,937</b>	<b>52,377</b>	<b>138,638</b>
<b>Cash Receipts Over/(Under) Cash Disbursements</b>	<b>15,421</b>	<b>(84)</b>	<b>(52,377)</b>	<b>(37,040)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers-In	-	5,000	56,003	61,003
Transfers-Out	(5,000)	-	-	(5,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(5,000)</b>	<b>5,000</b>	<b>56,003</b>	<b>56,003</b>
<b>Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses</b>	<b>10,421</b>	<b>4,916</b>	<b>3,626</b>	<b>18,963</b>
<b>Fund Cash Balance, January 1, 2016</b>	<b>71,787</b>	<b>20,880</b>	<b>(48,350)</b>	<b>44,317</b>
<b>Fund Cash Balances:</b>				
Restricted	-	25,796	-	25,796
Assigned	6,245	-	-	6,245
Unassigned	75,963	-	(44,724)	31,239
<b>Fund Cash Balance, December 31, 2016</b>	<b>\$ 82,208</b>	<b>\$ 25,796</b>	<b>\$ (44,724)</b>	<b>\$ 63,280</b>

See Accompanying Notes to the Financial Statements

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
(REGULATORY CASH BASIS) ALL PROPRIETARY FUND TYPES  
For the Year Ended December 31, 2016**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>OPERATING CASH RECEIPTS:</b>	
Charges for Services	\$ 221,758
Miscellaneous	647
	<b>222,405</b>
<b>OPERATING CASH DISBURSEMENTS</b>	
Personal Services	30,921
Contractual Services	78,011
Supplies and Materials	8,160
	<b>117,092</b>
<b>Total Operating Cash Receipts</b>	<b>222,405</b>
<b>OPERATING CASH DISBURSEMENTS</b>	
Personal Services	30,921
Contractual Services	78,011
Supplies and Materials	8,160
	<b>117,092</b>
<b>Total Operating Cash Disbursements</b>	<b>117,092</b>
<b>Operating Income (Loss)</b>	<b>105,313</b>
<b>NON OPERATING CASH RECEIPTS/ (DISBURSEMENTS)</b>	
Other Financing Uses	(2,960)
Debt Service:	
Retirement of Principal	(16,773)
Interest and Fiscal Charges	(755)
	<b>(20,488)</b>
<b>Total Non Operating Cash Receipts/ (Disbursements)</b>	<b>(20,488)</b>
<b>Income (Loss) Before Interfund Transfers/Advances</b>	<b>84,825</b>
Transfers-Out	(56,003)
Advances-In	7,000
Advances-Out	(7,000)
	<b>28,822</b>
<b>Net Income (Loss)</b>	<b>28,822</b>
<b>Fund Cash Balance, January 1, 2016</b>	<b>363,537</b>
<b>Fund Cash Balance, December 31, 2016</b>	<b>\$ 392,359</b>

See Accompanying Notes to the Financial Statements

**VILLAGE OF JEROMESVILLE**  
**ASHLAND COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES**  
**(REGULATORY CASH BASIS) ALL GOVERNMENTAL FUND TYPES**  
**For the Year Ended December 31, 2015**

	Governmental Fund Types			(Memorandum Only) Total
	General	Special Revenue	Debt Service	
<b>RECEIPTS:</b>				
Property and Other Local Taxes	\$ 34,738	-	-	\$ 34,738
Intergovernmental	29,198	\$ 25,000	-	54,198
Charges for Services	-	2,920	-	2,920
Earnings on Investments	275	111	-	386
Miscellaneous	2,368	-	-	2,368
<b>Total Cash Receipts</b>	<b>66,579</b>	<b>28,031</b>	<b>-</b>	<b>94,610</b>
<b>DISBURSEMENTS:</b>				
<b>Current:</b>				
Public Health Services	194	-	-	194
Leisure Time Activities	5,687	-	-	5,687
Transportation	4,555	31,430	-	35,985
General Government	41,807	-	-	41,807
<b>Debt Service:</b>				
Retirement of Principal	1,469	978	\$ 20,665	23,112
Interest and Fiscal Charges	200	200	39,143	39,543
<b>Total Cash Disbursements</b>	<b>53,912</b>	<b>32,608</b>	<b>59,808</b>	<b>146,328</b>
<b>Cash Receipts Over/(Under) Cash Disbursements</b>	<b>12,667</b>	<b>(4,577)</b>	<b>(59,808)</b>	<b>(51,718)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers-In	-	-	10,040	10,040
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>10,040</b>	<b>10,040</b>
<b>Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses</b>	<b>12,667</b>	<b>(4,577)</b>	<b>(49,768)</b>	<b>(41,678)</b>
<b>Fund Cash Balance, January 1, 2015</b>	<b>59,120</b>	<b>25,457</b>	<b>1,418</b>	<b>85,995</b>
<b>Fund Cash Balances:</b>				
Restricted	-	20,880	-	20,880
Assigned	1,175	-	-	1,175
Unassigned (Deficit)	70,612	-	(48,350)	22,262
<b>Fund Cash Balance, December 31, 2015</b>	<b>\$ 71,787</b>	<b>\$ 20,880</b>	<b>\$ (48,350)</b>	<b>\$ 44,317</b>

See Accompanying Notes to the Financial Statements

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
(REGULATORY CASH BASIS) ALL PROPRIETARY FUND TYPES  
For the Year Ended December 31, 2015**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>OPERATING CASH RECEIPTS:</b>	
Charges for Services	\$ 225,750
Miscellaneous	2,925
	228,675
<b>Total Operating Cash Receipts</b>	<b>228,675</b>
<b>OPERATING CASH DISBURSEMENTS</b>	
Personal Services	24,167
Contractual Services	82,018
Supplies and Materials	4,714
	110,899
<b>Total Operating Cash Disbursements</b>	<b>110,899</b>
<b>Operating Income (Loss)</b>	<b>117,776</b>
<b>NON OPERATING CASH RECEIPTS/ (DISBURSEMENTS)</b>	
Other Financing Uses	(4,037)
Capital Outlay	(7,986)
Debt Service:	
Retirement of Principal	(12,556)
Interest and Fiscal Charges	(1,161)
	(25,740)
<b>Total Non Operating Cash Receipts/ (Disbursements)</b>	<b>(25,740)</b>
<b>Income (Loss) Before Interfund Transfers/Advances</b>	<b>92,036</b>
Transfers-Out	(10,040)
Advances-In	8,400
Advances-Out	(8,400)
	81,996
<b>Net Income (Loss)</b>	<b>81,996</b>
<b>Fund Cash Balance, January 1, 2015</b>	<b>281,541</b>
	363,537
<b>Fund Cash Balance, December 31, 2015</b>	<b>\$ 363,537</b>

See Accompanying Notes to the Financial Statements

**Village of Jeromesville**  
*Ashland County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 & 2015*

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**Note 1 – Reporting Entity**

The Village of Jeromesville (the Village), Ashland County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government, 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.

***Public Entity Risk Pool***

The Village participates in the Ohio Plan Risk Management, Inc (OPRM), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***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 change in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

***Street Construction, Maintenance and Repair Fund*** The street construction, maintenance and repair fund accounts for and reports the portion of gasoline and motor vehicle tax money for the purpose of construction, maintenance and repairing of Village streets.

***Debt Service Funds*** These funds account for and report financial resources that are restricted to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

***Sewer Debt Fund*** The sewer debt fund accounts for and reports the portion of monies from the sewer collections used to pay the principal and interest on a loan obtained to construct a Wastewater Treatment System.

**Village of Jeromesville**  
*Ashland County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 & 2015*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**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** – The water fund accounts for and reports the receipt of monies from charges for services from residents to cover the cost of providing this utility.

**Sewer Fund** - The sewer fund accounts for and reports the receipt of monies from charges for services from residents to cover the cost of providing this utility.

***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 Council 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 disbursements 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.

***Budgetary Process***

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

**Appropriations** Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2016 and 2015 budgetary activity appears in Note 4.

***Deposits and Investments***

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

**Village of Jeromesville**  
*Ashland County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 & 2015*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Capital Assets***

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

***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.

***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:

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

***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.

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

***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, or by State Statute. The Village may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

***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.

**Village of Jeromesville**  
*Ashland County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 & 2015*

**Note 3 - Compliance**

Contrary to Ohio Revised Code section 5705.10(I), at December 31, 2016 and 2015, the Sewer Debt Fund had cash deficit balances of \$48,007 and \$48,072, respectively. Further, at December 31, 2015 the Water Debt Fund had a cash deficit balance of \$278. Contrary to Ohio Revised Code section 5705.39, the Sewer Debt Fund had appropriations exceeding estimated resources in 2016 of \$56,771 and the Water Debt Fund had appropriations exceeding estimated resources in 2015 of \$3,543.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2016 & 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$86,614	\$72,745	(\$13,869)
Special Revenue	34,500	33,853	(647)
Debt Service	51,876	56,003	4,127
Enterprise	184,552	222,405	37,853
2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 115,349	\$ 68,569	\$46,780
Special Revenue	47,937	32,390	15,547
Debt Service	64,450	52,377	12,073
Enterprise	459,605	207,133	252,472
2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,687	\$66,579	\$2,892
Special Revenue	31,000	28,031	(2,969)
Debt Service	59,489	10,040	(49,449)
Enterprise	194,000	228,675	34,675
2015 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 121,027	\$ 55,087	\$65,940
Special Revenue	56,457	33,576	22,881
Debt Service	64,450	59,808	4,642
Enterprise	471,997	151,635	320,362

**Note 4 – 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 deposits and investments at December 31 was as follows:

	2016	2015
Demand deposits	\$ 455,639	\$407,854



**Village of Jeromesville**  
*Ashland County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 & 2015*

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**Note 4 – Deposits and Investments (continued)**

*Deposits*

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Note 5 – Taxes**

*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.

**Note 6 – Risk Management**

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

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

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, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% 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 772 and 783 members as of December 31, 2015 and 2014, respectively.

**Village of Jeromesville**  
*Ashland County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 & 2015*

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**Note 6 – Risk Management (continued)**

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, 2015 and 2014 (the latest information available).

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	<u>(9,112,030)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Two of the Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's 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, 2016 and 2015.

***Social Security***

Most of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016 and 2015.

**Village of Jeromesville**  
*Ashland County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 & 2015*

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**Note 8 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
USDA Loan	\$ 893,900	4.25%
General Obligation Note	3,693	4.25%
Ohio Public Works Commission Loan	98,685	0.00%
Promissory Note- Truck Loan	7,147	4.50%
Total	\$ 1,003,425	

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

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

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

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

**Village of Jeromesville**  
*Ashland County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 & 2015*

**Note 9 – Debt (continued)**

***Amortization***

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

Year ending December 31:	USDA Loan		
	Principal	Interest	Total
2017	\$14,400	\$37,991	\$52,391
2018	15,100	37,379	52,479
2019	15,700	36,737	52,437
2020	16,300	36,070	52,370
2021	17,000	35,377	52,377
2022-2026	96,700	165,393	262,093
2027-2031	119,100	143,021	262,121
2032-2036	146,600	115,481	262,081
2037-2041	180,500	81,566	262,066
2042-2046	222,200	41,806	264,006
2047	50,300	2,138	52,438
Total	\$ 893,900	\$ 732,959	\$ 1,626,859

Year ending December 31:	General Obligation Note		
	Principal	Interest	Total
2017	\$3,693	\$37	\$3,730

Year ending December 31:	OPWC Loan
2017	\$7,087
2018	7,087
2019	7,087
2020	7,087
2021	7,087
2022-2026	35,435
2027-2031	27,815
Total	\$ 98,685

Year ending December 31:	Truck Loan		
	Principal	Interest	Total
2017	\$3,825	\$242	\$4,067
2018	3,322	68	\$3,390
Total	\$ 7,147	\$ 310	\$ 7,457

**Note 10 – Contingent Liabilities**

The Village may be defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

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

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Jeromesville, Ashland County (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated July 23, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

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

*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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2016-002 and 2016-003.

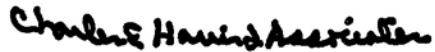
We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 23, 2017.

***Entity's Responses to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit the Village's responses 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 communication is not suitable for any other purpose.



***Charles E. Harris and Associates, Inc.***  
July 23, 2017

**VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
December 31, 2016 and 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**Finding Number 2016-001 – Material Weakness**

During 2016 and 2015, the Village erroneously recorded numerous transactions. The more significant adjustments are as follows:

- During 2016, a portion of the Real Estate Property Tax was booked to the Water and Sewer funds instead of being booked completely in the General Fund.
- During 2016, the Village recorded Special Assessments in the General Fund instead of the Water and Sewer funds.
- During 2016 and 2015, the Village recorded Homestead and Rollback amounts as Property and Other Local Taxes instead of Intergovernmental receipts.
- During 2016 and 2015, the Village recorded rental receipts as Charges for Services and Earnings on Investments instead of Miscellaneous receipts.
- During 2016 and 2015, the Village recorded House Bill 64 receipts as Miscellaneous receipts instead of Intergovernmental receipts.
- During 2016 and 2015, the Village recorded various disbursements as Other Financing Uses instead of Transportation and General Government expenses.
- During 2016 and 2015, the Village did not properly allocate principal and interest payments as when making debt service payments.
- During 2016, the Village erroneously recorded a Transfer-in as Earnings on Investments.

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

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

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

**Management Response:**

See Corrective Action Plan

VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY

SCHEDULE OF FINDINGS – (continued)  
December 31, 2016 and 2015

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - Continued</b></p>
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**Finding Number: 2016-002 – Material Noncompliance**

Ohio Revised Code Section 5705.10(I) states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

In 2016 and 2015, the Sewer Debt fund had deficit balances of \$48,007 and \$48,072, respectively. Further, in 2015, the Water Debt fund had a deficit balance of \$278. We recommend that fund activity be closely monitored to prevent future expenditures in excess of available resources.

**Management Response:**

See Corrective Action Plan.

**Finding Number: 2016-003 – Material Noncompliance**

Ohio Revised Code Section 5705.39 provides, in part, that total appropriations from each fund shall not exceed the total estimated resources. In 2016, appropriations exceeded certified available resources in the Sewer Debt fund by \$56,771. In 2015, appropriations exceeded certified available resources in the Water Debt fund by \$3,543.

Appropriations in excess of estimated resources can result in overspending and negative fund balances. We recommend that the Village establish budgetary policies and procedures which provide for periodic determinations of estimated resources and limit appropriations to those estimates.

**Management Response:**

See Corrective Action Plan.



VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2016 and 2015

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2014-001	Material Weakness – Audit Adjustments and Reclassifications: Various errors were noted in financial statements that required audit adjustments and reclassifications.	Not Corrected	Repeated as Finding 2016- 001

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VILLAGE OF JEROMESVILLE  
ASHLAND COUNTY

CORRECTIVE ACTION PLAN  
December 31, 2016 and 2015

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	The Fiscal Officer will refer to the Village Officer's Handbook to insure that transactions are classified correctly.	Immediately	Amanda Joliff, Fiscal Officer
2016-002	Management has reviewed the cause of the negative fund balances and will make the necessary transfers into these funds to prevent this in the future.	Immediately	Amanda Joliff, Fiscal Officer
2016-003	The Fiscal Officer will closely monitor the budget to insure that total appropriations do not exceed total estimated resource in the future.	Immediately	Amanda Joliff, Fiscal Officer

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# Dave Yost • Auditor of State

VILLAGE OF JEROMESVILLE

ASHLAND COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 19, 2017