



**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

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KEITH FABER



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Village Council  
Village of Jefferson  
27 East Jefferson Street  
Jefferson, OH 44047

We have reviewed the *Independent Auditor's Report* of the Village of Jefferson, Ashtabula County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 Jefferson is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

February 28, 2023

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VILLAGE OF JEFFERSON  
ASHTABULA COUNTY

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## INDEPENDENT AUDITOR'S REPORT

October 17, 2022

Village of Jefferson  
Ashtabula County  
27 East Jefferson Street,  
Jefferson, Ohio 44047

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 and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Jefferson, Ashtabula County, Ohio (the Village).

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

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

### **Auditor's Responsibility**

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

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

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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***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(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

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

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

***Emphasis of Matter***

As discussed in Note 12 and 11 to the financial statements for 2020 and 2019, respectfully, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. As discussed in Note 14 to the financial statements, during 2020, the Village adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (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 October 17, 2022 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.



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



**VILLAGE OF JEFFERSON  
ASHTABULA 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	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 156,226	\$ 297,988	\$ -	\$ -	\$ 454,214
Municipal Income Tax	593,617	593,617	-	593,795	1,781,029
Intergovernmental	67,429	551,172	-	248,331	866,932
Special Assessments	-	12,057	-	-	12,057
Charges for Services	72	171,362	28,509	1,580	201,523
Fines, Licenses and Permits	46,092	2,870	-	-	48,962
Earnings on Investments	4,074	453	-	-	4,527
Miscellaneous	30,834	108,020	1,627	14,440	154,921
<i>Total Cash Receipts</i>	<u>898,344</u>	<u>1,737,539</u>	<u>30,136</u>	<u>858,146</u>	<u>3,524,165</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	77,532	841,845	-	-	919,377
Public Health Services	-	116,079	-	-	116,079
Leisure Time Activities	-	150,686	-	-	150,686
Community Environment	1,175	-	-	-	1,175
Transportation	112,248	188,279	-	-	300,527
General Government	509,483	10,304	-	6,192	525,979
Capital Outlay	56,377	680,831	-	1,023,897	1,761,105
Debt Service:					
Principal Retirement	1,543	22,774	-	123,686	148,003
Interest and Fiscal Charges	649	729	-	14,446	15,824
<i>Total Cash Disbursements</i>	<u>759,007</u>	<u>2,011,527</u>	<u>-</u>	<u>1,168,221</u>	<u>3,938,755</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>139,337</u>	<u>(273,988)</u>	<u>30,136</u>	<u>(310,075)</u>	<u>(414,590)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds	13,680	472,597	-	221,827	708,104
Sale of Capital Assets	14,691	-	-	-	14,691
Transfers In	-	42,388	-	-	42,388
Transfers Out	(30,000)	(12,388)	-	-	(42,388)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,629)</u>	<u>502,597</u>	<u>-</u>	<u>221,827</u>	<u>722,795</u>
<i>Net Change in Fund Cash Balances</i>	137,708	228,609	30,136	(88,248)	308,205
<i>Fund Cash Balances, January 1</i>	<u>244,456</u>	<u>504,521</u>	<u>28,002</u>	<u>259,614</u>	<u>1,036,593</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 382,164</u>	<u>\$ 733,130</u>	<u>\$ 58,138</u>	<u>\$ 171,366</u>	<u>\$ 1,344,798</u>

See accompanying notes to the basic financial statements

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 1,012,270
Miscellaneous	23,531
<i>Total Operating Cash Receipts</i>	1,035,801
<b>Operating Cash Disbursements</b>	
Personal Services	202,221
Employee Fringe Benefits	115,476
Contractual Services	363,304
Supplies and Materials	68,128
<i>Total Operating Cash Disbursements</i>	749,129
<i>Operating Income (Loss)</i>	286,672
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	39,504
Capital Outlay	(77,758)
Principal Retirement	(29,954)
Interest and Other Fiscal Charges	(6,080)
Other Financing Sources	(4,537)
<i>Total Non-Operating Receipts (Disbursements)</i>	(78,825)
<i>Net Change in Fund Cash Balances</i>	207,847
<i>Fund Cash Balances, January 1 (Restated, See Note 14)</i>	511,310
<i>Fund Cash Balances, December 31</i>	\$ 719,157

*See accompanying notes to the basic financial statements*

VILLAGE OF JEFFERSON  
ASHTABULA COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS,  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Custodial</u>
<b>Additions</b>	
Other Amounts Collected for Distribution	<u>4,706</u>
<i>Total Additions</i>	4,706
<b>Deductions</b>	
Other Distributions	<u>7,400</u>
<i>Total Deductions</i>	<u>7,400</u>
<i>Net Change in Fund Balances</i>	(2,694)
<i>Fund Cash Balances, January 1 (Restated See Note 14)</i>	<u>6,112</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 3,418</u></u>

*See accompanying notes to the basic financial statements*

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Jefferson (the Village), Ashtabula County is a body politic and corporate established to exercise the right 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 services, park operations and other leisure time activities and police services. The Village contracts with Jefferson Township to provide fire protection services.

**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 changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all 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 or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Safety Services Fund*** The safety services fund accounts for and reports the receipt of municipal income tax restricted to providing fire and protection services to the residents of the Village.

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

***Pierce Fire Truck Fund*** The Pierce fire truck fund accounts for and reports the receipt of charges for services committed to paying for capital assets used to provide fire protection services to surrounding entities.

***Capital Project Fund*** These funds account for and report financial resources that are committed to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

***Capital Improvements Fund*** The capital improvements fund accounts for and reports proceeds of municipal income tax committed for construction of a new municipal building.

***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:

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***Fund Accounting (Continued)***

***Sewer Improvement Fund*** The sewer improvement fund accounts for and reports the receipt of user charges for the purpose of completing sewer improvement projects.

***Refuse Fund*** The refuse fund accounts for and reports the receipt of user charges for the purpose of providing refuse services to the residents and commercial users located within the Village.

***Wastewater Treatment Fund*** The waste water treatment fund accounts for and reports the provision of sanitary sewer and water treatment services to the residents and commercial users located within the Village.

***Fiduciary Funds*** Fiduciary funds include trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds.

Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for deposits from hall rentals, performance bonds from contractors, and scholarship funds.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***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 (C). 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 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, department, salary, and all other object levels 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.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

**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 2020 budgetary activity appears in Note 3.

**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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

**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 (resolution). The Village must adhere to these commitments unless the Council amends the 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.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***Fund Balance (Continued)***

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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 13.

**Note 3 - Budgetary Activity**

Budgetary activity for the years ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,086,575	\$926,715	(\$159,860)
Special Revenue	2,030,675	2,252,524	221,849
Debt Service	31,150	30,136	(1,014)
Capital Projects	1,094,550	1,079,973	(14,577)
Enterprise	1,118,896	1,075,305	(43,591)
Fiduciary	5,100	4,706	(394)
<b>Total</b>	<b>\$5,367,146</b>	<b>\$5,369,359</b>	<b>\$2,213</b>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$997,273	\$811,156	\$186,117
Special Revenue	2,016,643	2,101,306	(84,663)
Debt Service	2,000	-	2,000
Capital Projects	1,224,724	1,176,778	47,946
Enterprise	1,112,724	986,101	126,623
Fiduciary	9,800	7,400	2,400
<b>Total</b>	<b>\$5,363,164</b>	<b>\$5,082,741</b>	<b>\$280,423</b>

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 4 – Deposits**

The Village maintains a deposit and investment 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:

	<u>2020</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$1,814,101
Certificates of deposit	191,323
Total deposits	<u>2,005,424</u>
STAR Ohio	61,949
Total investments	<u>61,949</u>
Total Deposits and Investments	<u><u>\$2,067,373</u></u>

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure repayment of all public monies deposited in the financial institution.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**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.

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



**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 5 – Taxes (Continued)**

***Income Taxes***

The Village levies a municipal income tax of 1.7 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required (as of July 1, 2018, these were to be submitted to RITA). Corporations and other individual taxpayers pay estimated taxes quarterly and file declaration annually.

As of July 1, 2018, the Village entered into an agreement with RITA (Regional Income Tax Agency) to collect municipal income tax for the Village. RITA will be responsible for the administration and collection of all income taxes and will serve as an agent of the Village in this capacity.

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***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. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 6 - Risk Management (Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>( 13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</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***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. However, the Village contributes 8.5% of the members' share of gross salaries, leaving the employee to contribute 1.5% of their gross salary. The Village has paid all contributions required through December 31, 2020.

***Ohio Police and Fire Retirement System***

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. However, the Village contributes 8.5% of the members' share of gross salaries, leaving police officers to contribute 8% of their gross salary. The Village has paid all contributions required through December 31, 2020.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multi-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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during the calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 9 - Debt**

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$ 315,000	3.00%
OWDA Loan #4741 SR 46 Sewer Estention	123,396	3.97%
OWDA Loan #7340 Ultra-Violet Disinfection System	30,958	2.22%
OPWC Loan CG02K West Mulberry Street Improvement	67,500	0.00%
OPWC CG06S East Ashtabula Street Sanitary Sewer Repairs	35,651	0.00%
OPWC CG34N South Sycamore Street Truck Route Phase I	22,443	0.00%
OPWC CG38I Wastewater Treatment Plant Upgrade	196,080	0.00%
OPWC CG39P Sycamore Street Culvert Replacement	78,182	0.00%
OPWC CG70M West Mulberry Street Improvements, Phase 1.5	67,213	0.00%
OPWC CG58V Sycamore Street Construction	75,626	0.00%
OPWC #CG64W Erie Street Improvements	220,584	0.00%
Andover Bank Truck Loan	54,327	2.75%
US Bank Copier Loan	15,328	2.50%
USDA Pierce Fire Truck 2020	469,000	2.38%
Andover Bank BackHoe Loan	59,601	2.80%
Total	<u>1,830,889</u>	

The Village obtained General Obligation Bonds from the Bank of New York in the amount of \$860,000 to construct a Recreation Facility. The bonds were issued with an interest rate of 3% and mature in December 2024. The Village is repaying these bonds from municipal income tax revenues committed to capital improvements.

The Village obtained loans from the Ohio Public Works Commission (OPWC) for the purpose of completing various street and water and sewer projects. These are no interest loans maturing from July 2017 to July 2050. The Village is repaying these loans from municipal income tax revenues committed to capital improvements and user charges. In progress projects #CG64W do not have an amortization available until the completion of the project.

The Village obtained loans from the Ohio Water Development Authority (OWDA) for the purpose of completing various water and sewer projects. These loans were issued with interest rates between 2.22% and 4.56% and mature from July 2017 to June 2028. The Village is repaying these loans from user charges.

The Village obtained a loan from Andover Bank for the purpose of purchasing a back hoe. The bond was issued at 2.80%, with a maturity date of July 2024. The Village is repaying this loan from income tax monies.

The Village obtained a loan from Andover Bank for the purpose of purchasing a new truck. The bond was issued at 2.75%, with a maturity date of September 2022. The Village is repaying this loan from income tax monies.

The Village obtained a lease from US Bank for the purpose of purchasing a copier. The debt was issued at 5.28%, with a maturity date of 2021. The Village is repaying this debt from income tax monies.

The Village obtained a loan from USDA for the purpose of purchasing a Fire Truck. The loan was issued at 2.38%, with a maturity date of 2030. The Village is repaying this loan from income tax monies.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 9 – Debt (Continued)**

***Amortization***

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

Year Ending December 31:	OWDA Loans	OPWC Loans	GO Bonds	Copier	Andover Bank Truck Loan	USDA Fire Truck	Andover Bank Back Hoe Loan
2021	\$ 12,362	\$ 43,927	\$ 84,075	\$ 4,153	\$ 29,567	\$ 52,559	\$ 16,569
2022	24,725	45,866	82,200	4,153	29,567	53,141	16,152
2023	24,725	45,866	84,950	4,153	-	53,120	15,735
2024	24,725	45,866	87,550	4,153	-	53,075	15,318
2025	24,725	45,866	-	1,384	-	53,006	-
2026-2030	65,865	207,974	-	-	-	267,026	-
2031-2035	-	49,803	-	-	-	-	-
2036-2040	-	20,993	-	-	-	-	-
2041-2045	-	15,330	-	-	-	-	-
2046-2050	-	1,533	-	-	-	-	-
Total	<u>\$ 177,127</u>	<u>\$ 523,024</u>	<u>\$ 338,775</u>	<u>\$ 17,996</u>	<u>\$ 59,134</u>	<u>\$ 531,927</u>	<u>\$ 63,774</u>

**Note 10 - Contingent Liabilities**

The Village is defendant in pending lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**Note 11 – Transfers**

During 2020, the Village made various transfers to subsidize operations and to provide for expenditures. All transfers were approved in accordance with Ohio Revised Code sections 5705.14, 5705.15 and 5705.16.

**Note 12 – 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 will 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.

**Note 13 – Fund Balance**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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. At year end the balances of these amounts were as follows:

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 13 – Fund Balance (Continued)**

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$ 8,453	\$ -	\$ -	\$ 8,453
Outstanding Encumbrances	22,149	77,391	8,557	108,097
<i>Total</i>	<u>\$ 30,602</u>	<u>\$ 77,391</u>	<u>\$ 8,557</u>	<u>\$ 116,550</u>

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

**Note 14- Change in Accounting Principles and Restatements**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. The Utility deposit fund within the Agency/Custodial fund was adjusted into the Enterprise fund per GASB 84. The Utility Deposit fund had to do with water and sewer deposits. The private purpose trust fund was moved to custodial since no trust agreement is in place for the scholarship fund.

	Enterprise	Agency/ Custodial	Private Purpose Trust
January 1, 2020 Fund Balance	\$ 468,642	\$ 48,295	\$ 485
GASB 84 Adjustment	42,668	(42,183)	(485)
Restated January 1, 2020 Fund Balance	<u>\$ 511,310</u>	<u>\$ 6,112</u>	<u>\$ -</u>

**VILLAGE OF JEFFERSON  
ASHTABULA 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	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 158,868	\$ 334,489	\$ -	\$ -	\$ 493,357
Municipal Income Tax	604,809	605,106	-	604,942	1,814,857
Intergovernmental	162,229	221,507	-	160,000	543,736
Special Assessments	-	12,039	-	7,673	19,712
Charges for Services	66	254,026	29,483	3,056	286,631
Fines, Licenses and Permits	47,667	5,488	-	-	53,155
Earnings on Investments	5,333	601	-	-	5,934
Miscellaneous	25,039	47,554	2,327	2,280	77,200
<i>Total Cash Receipts</i>	<u>1,004,011</u>	<u>1,480,810</u>	<u>31,810</u>	<u>777,951</u>	<u>3,294,582</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	81,666	818,994	-	-	900,660
Leisure Time Activities	-	191,230	-	-	191,230
Community Environment	1,194	-	-	-	1,194
Transportation	130,357	203,747	-	-	334,104
General Government	588,582	28,299	-	7,649	624,530
Capital Outlay	217,294	184,627	-	730,112	1,132,033
Debt Service:					
Principal Retirement	-	22,368	18,500	118,031	158,899
Interest and Fiscal Charges	-	1,118	375	15,905	17,398
<i>Total Cash Disbursements</i>	<u>1,019,093</u>	<u>1,450,383</u>	<u>18,875</u>	<u>871,697</u>	<u>3,360,048</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(15,082)	30,427	12,935	(93,746)	(65,466)
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds	-	-	-	150,823	150,823
Sale of Capital Assets	3,000	800	-	100	3,900
Transfers In	-	23,000	-	-	23,000
Transfers Out	(12,000)	(11,000)	-	-	(23,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(9,000)</u>	<u>12,800</u>	<u>-</u>	<u>150,923</u>	<u>154,723</u>
<i>Net Change in Fund Cash Balances</i>	(24,082)	43,227	12,935	57,177	89,257
<i>Fund Cash Balances, January 1</i>	<u>268,538</u>	<u>461,294</u>	<u>15,067</u>	<u>202,437</u>	<u>947,336</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	7,411	-	-	-	7,411
Restricted	-	504,521	-	-	504,521
Committed	-	-	28,002	259,614	287,616
Assigned	193,236	-	-	-	193,236
Unassigned	43,809	-	-	-	43,809
<i>Fund Cash Balances, December 31</i>	<u>\$ 244,456</u>	<u>\$ 504,521</u>	<u>\$ 28,002</u>	<u>\$ 259,614</u>	<u>\$ 1,036,593</u>

See accompanying notes to the basic financial statements

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Type	Fiduciary Fund Type		Totals (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
<b>Operating Cash Receipts</b>				
Charges for Services	\$ 987,390	\$ -	\$ -	\$ 987,390
Miscellaneous	2,365	-	12,245	14,610
<i>Total Operating Cash Receipts</i>	<u>989,755</u>	<u>-</u>	<u>12,245.00</u>	<u>1,002,000</u>
<b>Operating Cash Disbursements</b>				
Personal Services	198,933	-	-	198,933
Employee Fringe Benefits	107,352	-	-	107,352
Contractual Services	347,459	-	-	347,459
Supplies and Materials	189,132	-	-	189,132
Other	-	-	8,080	8,080
<i>Total Operating Cash Disbursements</i>	<u>842,876</u>	<u>-</u>	<u>8,080</u>	<u>850,956</u>
<i>Operating Income (Loss)</i>	146,879	-	4,165	151,044
<b>Non-Operating Receipts (Disbursements)</b>				
Intergovernmental	3,300	-	-	3,300
Special Assessments	31,894	-	-	31,894
Sale of Capital Assets	3,490	-	-	3,490
Capital Outlay	(3,300)	-	-	(3,300)
Principal Retirement	(46,131)	-	-	(46,131)
Interest and Other Fiscal Charges	(6,881)	-	-	(6,881)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(17,628)</u>	<u>-</u>	<u>-</u>	<u>(17,628)</u>
<i>Net Change in Fund Cash Balances</i>	129,251	-	4,165	133,416
<i>Fund Cash Balances, January 1</i>	339,391	485	44,130	384,006
<i>Fund Cash Balances, December 31</i>	<u>\$ 468,642</u>	<u>\$ 485</u>	<u>\$ 48,295</u>	<u>\$ 517,422</u>

See accompanying notes to the basic financial statements

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Jefferson, Ashtabula County, Ohio (the Village), 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 services including refuse and sewer utilities, park operations, and police and fire protection services. The Village contracts with Jefferson Township to provide fire protection services.

**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 changes in fund balance (regulatory cash basis) for all proprietary and fiduciary 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 or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Safety Services Fund*** The safety services fund accounts for and reports the receipt of municipal income tax restricted to providing fire and protection services to the residents of the Village.

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

***Pierce Fire Truck Fund*** The Pierce fire truck fund accounts for and reports the receipt of charges for services committed to paying for capital assets used to provide fire protection services to surrounding entities.

***Capital Project Fund*** These funds account for and report financial resources that are committed to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

***Capital Improvements Fund*** The capital improvements fund accounts for and reports proceeds of municipal income tax committed for construction of a new municipal building.



**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

***Fund Accounting (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:

***Sewer Improvement Fund*** The sewer improvement fund accounts for and reports the receipt of user charges for the purpose of completing sewer improvement projects.

***Refuse Fund*** The refuse fund accounts for and reports the receipt of user charges for the purpose of providing refuse services to the residents and commercial users located within the Village.

***Wastewater Treatment Fund*** The waste water treatment fund accounts for and reports the provision of sanitary sewer and water treatment services to the residents and commercial users located within the Village.

***Fiduciary Funds*** Fiduciary funds include trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village's private purpose trust fund is for the benefit of students within the Village who can be granted scholarships.

Agency funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for deposits from hall rentals and utility customers and performance bonds from contractors.

***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 (C). 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 presentation 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 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, department, salary, and all other object levels 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.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

***Budgetary Process (Continued)***

***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 2019 budgetary activity appears in Note 3.

***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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***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. The Village's unclaimed monies are classified as nonspendable.

***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 (resolution). The Village must adhere to these commitments unless the Council amends the 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.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

***Fund Balance (Continued)***

**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.

**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.

**Note 3 - Budgetary Activity**

Budgetary activity for the years ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 878,550	\$ 1,007,011	\$ 128,461
Special Revenue	2,006,562	1,504,610	(501,952)
Debt Service	21,500	31,810	10,310
Capital Projects	1,536,840	928,874	(607,966)
Enterprise	1,534,588	1,028,439	(506,149)
Private Purpose Trust	-	-	-
Total	\$ 5,978,040	\$ 4,500,744	\$ (1,477,296)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,215,812	\$ 1,108,320	\$ 107,492
Special Revenue	1,652,150	1,502,852	149,298
Debt Service	18,900	18,875	25
Capital Projects	930,557	871,697	58,860
Enterprise	1,159,502	920,410	239,092
Private Purpose Trust	200	-	200
Total	\$ 4,977,121	\$ 4,422,154	\$ 554,967

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 4 – Deposits and Investments**

The Village maintains a deposit and investment 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:

	2019
Demand Deposits	\$ 1,303,709
Certificates of Deposit	188,794
Total Deposits	<u>1,492,503</u>
STAR Ohio	61,512
Total Investments	<u>61,512</u>
Total Deposits and Investments	<u>\$ 1,554,015</u>

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure repayment of all public monies deposited in the financial institution.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**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.

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

***Income Taxes***

The Village levies a municipal income tax of 1.7 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file declaration annually.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.
- Commercial inland marine;
- Public Officials liability;
- Employer's liability; and
- Employee benefits liability.

The Village also provides health insurance, life, dental and vision coverage to all full-time employees.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Retirement System***

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. However, the Village contributes 8.5% of the members' share of gross salaries, leaving police officers to contribute 8% of their gross salary. The Village has paid all contributions required through December 31, 2019.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multi-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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during the calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 - Debt**

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$ 385,000	3%
OWDA Loan #4741 SR 46 Sewer Estention	137,268	3.97%
OWDA Loan #7340 Ultra-Violet Disinfection System	35,730	2.22%
OPWC Loan CG02K West Mulberry Street Improvement	71,250	0.00%
OPWC CG06S East Ashtabula Street Sanitary Sewer Repairs	36,642	0.00%
OPWC CG34N South Sycamore Street Truck Route Phase I	23,306	0.00%
OPWC CG38I Wastewater Treatment Plant Upgrade	206,400	0.00%
OPWC CG39P Sycamore Street Culvert Replacement	79,715	0.00%
OPWC CG70M West Mulberry Street Improvements, Phase 1.5	70,750	0.00%
OPWC CG58V Sycamore Street Construction	76,321	0.00%
Andover Bank Truck Loan	81,490	2.75%
2017 Ford Utility Police Cruiser Bond	12,286	2.50%
2017 Dodge Charger Bond	10,082	2.50%
Andover Bank BackHoe Loan	74,502	2.80%
Total	<u>\$ 1,300,742</u>	

The Village obtained General Obligation Bonds from the Bank of New York in the amount of \$860,000 to construct a Recreation Facility. The bonds were issued with an interest rate of 3% and mature in December 2024. The Village is repaying these bonds from municipal income tax revenues committed to capital improvements.

The Village obtained loans from the Ohio Public Works Commission (OPWC) for the purpose of completing various street and water and sewer projects. These are no interest loans maturing from July 2017 to July 2046. The Village is repaying these loans from municipal income tax revenues committed to capital improvements and user charges. In progress projects, #DGV18, #CG58V, and #CG57V do not have an amortization available until the completion of the project.

The Village obtained loans from the Ohio Water Development Authority (OWDA) for the purpose of completing various water and sewer projects. These loans were issued with interest rates between 2.22% and 4.56% and mature from July 2017 to June 2028. The Village is repaying these loans from user charges. Amortization schedule for loan # 7340 is not available as of December 31, 2017.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 9 – Debt (Continued)**

The Village obtained a loan from Andover Bank for the purpose of purchasing a 2017 Dodge Charger for the police department. The loan was issued at 2.50%, with a maturity date of June 2020. The Village is repaying this loan from property tax revenue restricted to safety services.

The Village obtained a loan from Andover Bank for the purpose of purchasing a Police Cruiser for the police department. The loan was issued at 2.50%, with a maturity date of June 2020. The Village is repaying this loan from property tax revenue restricted to safety services.

The Village obtained a loan from Andover Bank for the purpose of purchasing a new truck. The loan was issued at 2.75%, with a maturity date of September 2022. The Village is repaying this loan from income tax monies.

The Village obtained a loan from Andover Bank for the purpose of purchasing a back hoe. The loan was issued at 2.80%, with a maturity date of July 2024. The Village is repaying this loan from income tax monies.

**Amortization**

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

Year Ending December 31:	OWDA Loans	OPWC Loans	GO Bonds	2017 Dodge Charger	Andover Bank Truck Loan	2017 Ford Utility Police Cruiser	Andover Bank Back Hoe Loan
2020	\$ 12,362	\$ 22,933	\$ 80,825	\$ 10,334	\$ 29,567	\$ 12,593	\$ 16,117
2021	24,725	45,866	84,075	-	29,567	-	16,569
2022	24,725	45,866	82,200	-	29,567	-	16,152
2023	24,725	45,866	84,950	-	-	-	15,735
2024	24,725	45,866	87,550	-	-	-	15,318
2025-2029	90,590	229,331	-	-	-	-	-
2030-2034	-	65,387	-	-	-	-	-
2035-2039	-	42,643	-	-	-	-	-
2040-2044	-	15,330	-	-	-	-	-
2045-2049	-	5,295	-	-	-	-	-
Total	<u>\$ 201,852</u>	<u>\$ 564,384</u>	<u>\$ 419,600</u>	<u>\$ 10,334</u>	<u>\$ 88,701</u>	<u>\$ 12,593</u>	<u>\$ 79,891</u>

**Note 10 - Contingent Liabilities**

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

**Note 11 – 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 will 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.

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

October 17, 2022

Village of Jefferson  
Ashtabula County  
27 East Jefferson Street,  
Jefferson, Ohio 44047

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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the **Village of Jefferson**, Ashtabula County, (the Village) and have issued our report thereon dated October 17, 2022 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village and several changes to its reporting model.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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.



***Internal Control Over Financial Reporting (Continued)***

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2020-002.

***Purpose of this Report***

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

VILLAGE OF JEFFERSON  
ASHTABULA COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-001

**Material Weakness**

**Financial Reporting**

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

- The Village improperly classified two receipts in Special Revenue for 2020 as Miscellaneous when they should have been classified as Intergovernmental Receipts.
- The Village improperly classified a receipt in Special Revenue for 2020 as Miscellaneous when it should have been classified as Debt Proceeds.
- The Village classified one receipt in Capital Projects for 2019 as Miscellaneous when it should have been classified to Debt Proceeds.
- The Village posted settlements at gross instead of net for 2020.
- The Village misclassified Intergovernmental Revenue to Property Tax.
- The Village misclassified multiple receipts in 2019 to Rollbacks, settlements, and income tax.
- The Village did not properly record General Fund budget carryover as Assigned Fund Balances in 2019.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications, and the Village has posted all adjustments to its accounting system.

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

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

**Management's Response** – Officials did not provide a response to this finding.

VILLAGE OF JEFFERSON  
ASHTABULA COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-002

**Material Weakness/Noncompliance**

**Ohio Revised Code § 5705.41(D)** provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officers' certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively of the Ohio Revised Code.

**1. Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the Fiscal Officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of Board of Trustees if such expenditure is otherwise valid.

**2. Blanket Certificate** – Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**3. Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

Testing identified the following:

- 20% of Disbursements in 2019 had Purchase Orders after the invoice date.
- 68% of Disbursements in 2020 had Purchase Orders after the invoice date.

VILLAGE OF JEFFERSON  
ASHTABULA COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-002 (Continued)

**Material Weakness/Noncompliance (Continued)**

Failure to certify the availability of funds could result in overspending and negative cash balances.

The Village should properly certify purchases to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires authorizing disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Village should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. In addition, the Village should approve a motion in the minutes stating the maximum amount blanket purchase orders may be issued for.

**Management's Response** – Officials did not provide a response to this finding.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF JEFFERSON**

**ASHTABULA 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 3/14/2023**

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](http://www.ohioauditor.gov)