



**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental Fund Types For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental Fund Types For the Year Ended December 31, 1999	4
Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance Enterprise Fund For the Years Ended December 31, 2000 and 1999	5
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Jeromesville, Ashland County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 10, 2001

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$9,618		\$6,780		\$16,398
Special Assessments		\$3,112			3,112
Intergovernmental	51,552	19,423		\$46,128	117,103
Charges for Services	480			9,207	9,687
Fines, Licenses, and Permits	954				954
Earnings on Investments	3,506	104			3,610
Miscellaneous	467				467
Total Cash Receipts	66,577	22,639	6,780	55,335	151,331
Cash Disbursements:					
Current:					
Security of Persons and Property	13,273				13,273
Public Health Services	662				662
Leisure Time Activities	5,613				5,613
Community Environment	116				116
Basic Utility Services		2,710			2,710
Transportation	4,268	17,111			21,379
General Government	35,688				35,688
Debt Service:					
Principal Payments			4,710		4,710
Interest Payments			2,070		2,070
Capital Outlay	14,377			52,508	66,885
Total Cash Disbursements	73,997	19,821	6,780	52,508	153,106
Total Cash Receipts Over/(Under) Cash Disbursements	(7,420)	2,818	0	2,827	(1,775)
Fund Cash Balances, January 1	70,132	26,287	0	5,417	101,836
Fund Cash Balances, December 31	\$62,712	\$29,105	\$0	\$8,244	\$100,061
Reserves for Encumbrances, December 31	\$30	\$394	\$0	\$0	\$424

The notes to the financial statements are an integral part of this statement.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$5,468		\$6,780		\$12,248
Special Assessments		\$5,924			5,924
Intergovernmental	104,072	33,524			137,596
Charges for Services	925			\$9,106	10,031
Fines, Licenses, and Permits	1,199				1,199
Earnings on Investments	961	244			1,205
Miscellaneous	1,176				1,176
Total Cash Receipts	113,801	39,692	6,780	9,106	169,379
Cash Disbursements:					
Current:					
Security of Persons and Property	10,481				10,481
Public Health Services	663				663
Leisure Time Activities	6,086				6,086
Community Environment	116				116
Basic Utility Services		2,717			2,717
Transportation	4,657	37,015			41,672
General Government	41,499				41,499
Debt Service:					
Principal Payments			4,471		4,471
Interest Payments			2,309		2,309
Capital Outlay	4,350	5,668		3,870	13,888
Total Cash Disbursements	67,852	45,400	6,780	3,870	123,902
Total Cash Receipts Over/(Under) Cash Disbursements	45,949	(5,708)	0	5,236	45,477
Fund Cash Balances, January 1	24,183	31,995	0	181	56,359
Fund Cash Balances, December 31	\$70,132	\$26,287	\$0	\$5,417	\$101,836
Reserves for Encumbrances, December 31	\$0	\$0	\$0	\$6,380	\$6,380

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	2000	1999
Operating Cash Receipts:		
Charges for Services	\$71,194	\$71,624
Miscellaneous		9,842
	71,194	81,466
Operating Cash Disbursements:		
Personal Services	27,675	25,582
Contractual Services	11,140	23,721
Supplies and Materials	6,365	4,204
Capital Outlay	9,823	3,344
	55,003	56,851
Operating Income	16,191	24,615
Non-Operating Cash Receipts:		
Donations		10,000
Earnings on Investments	4,170	1,102
	4,170	11,102
Non-Operating Cash Disbursements:		
Other Non-Operating Cash Disbursements	1,523	4,893
Net Cash Receipts Over Cash Disbursements	18,838	30,824
Fund Cash Balance, January 1	75,783	44,959
Fund Cash Balance, December 31	\$94,621	\$75,783
Reserves for Encumbrances, December 31	\$143	\$330

The notes to the financial statements are an integral part of this statement.

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**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Jeromesville, Ashland County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including the water utility, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash

Certificates of deposit are valued at cost. The Village has no investments.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Permissive Sales Tax Fund - This fund received a one-time payment from the Ashland County Commissioners to be used for repairing various Village streets.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

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

Municipal Note Fund - This fund is used to pay the principal and interest on a note issued to purchase a building and property.

4. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following Capital Projects Fund:

Sewer Construction Fund - This fund receives charges for services from water customers for the construction of Village sewer lines.

5. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following Enterprise Fund:

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation Leave

Employees are entitled to cash payments for unused vacation leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave is not reflected as a liability under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 74,682	\$ 77,619
Certificates of deposit	<u>120,000</u>	<u>100,000</u>
Total deposits	<u>\$ 194,682</u>	<u>\$ 177,619</u>

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

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 64,390	\$ 66,577	\$ 2,187
Special Revenue	20,660	22,639	1,979
Debt Service	6,780	6,780	0
Capital Projects	9,000	55,335	46,335
Enterprise	88,000	75,364	(12,636)
Total	<u>\$ 188,830</u>	<u>\$ 226,695</u>	<u>\$ 37,865</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 134,522	\$ 74,027	\$ 60,495
Special Revenue	46,949	20,215	26,734
Debt Service	6,780	6,780	0
Capital Projects	14,417	52,508	(38,091)
Enterprise	163,784	56,669	107,115
Total	<u>\$ 366,452</u>	<u>\$ 210,199</u>	<u>\$ 156,253</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,004	\$ 113,801	\$ 59,797
Special Revenue	34,913	39,692	4,779
Debt Service	6,780	6,780	0
Capital Projects	9,000	9,106	106
Enterprise	70,500	92,568	22,068
Total	<u>\$ 175,197</u>	<u>\$ 261,947</u>	<u>\$ 86,750</u>

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 78,186	\$ 67,852	\$ 10,334
Special Revenue	66,908	45,400	21,508
Debt Service	6,780	6,780	0
Capital Projects	9,182	10,250	(1,068)
Enterprise	115,459	62,074	53,385
Total	\$ 276,515	\$ 192,356	\$ 84,159

The negative variance in the Capital Projects Fund for 2000 is the result of the Village not appropriating Community Development Block Grant monies which were paid directly to a vendor through Ashland County.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Note	\$ 36,878	5.25%

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

The General Obligation Note relates to the purchase of Village property . The Note will be repaid in monthly installments of \$565, including interest of 5.25% per year. Final maturity will be in 2007.

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

Year ending December 31:	General Obligation Note
2001	\$ 6,780
2002	6,780
2003	6,780
2004	6,780
2005	6,780
Subsequent	<u>9,618</u>
Total	<u><u>\$ 43,518</u></u>

6. RETIREMENT SYSTEM

The Village's full-time employee belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% in 2000 and 13.55% in 1999 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Wrongful acts
- Law enforcement
- Inland marine
- Electronic data processing



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Jeromesville, Ashland County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 10, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 10, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 10, 2001.

Village of Jeromesville
Ashland County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 10, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF JEROMESVILLE

ASHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 12, 2001**