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**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY  
Regular Audit  
For the Years Ended December 31, 2016 an 2015**

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Village Council  
Village of Jefferson  
27 East Jefferson Street  
Jefferson, Ohio 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, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

October 18, 2017

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VILLAGE OF JEFFERSON  
ASHTABULA COUNTY

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## INDEPENDENT AUDITOR'S REPORT

August 21, 2017

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

To the Village Council:

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

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

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

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

### ***Auditor's Responsibility***

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

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

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

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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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry and 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, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 148,282	\$ 247,314	\$ -	\$ -	\$ 395,596
Municipal Income Tax	491,703	518,083	-	491,694	1,501,480
Intergovernmental	64,751	191,701	-	37,604	294,056
Special Assessments	-	11,827	-	1,365	13,192
Charges for Services	98	233,166	21,621	-	254,885
Fines, Licenses and Permits	39,351	4,479	-	-	43,830
Earnings on Investments	776	331	-	-	1,107
Miscellaneous	8,506	55,025	2,298	2,895	68,724
<i>Total Cash Receipts</i>	<u>753,467</u>	<u>1,261,926</u>	<u>23,919</u>	<u>533,558</u>	<u>2,572,870</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	81,727	695,128	-	-	776,855
Leisure Time Activities	-	185,111	-	-	185,111
Community Environment	782	-	-	-	782
Transportation	92,181	172,023	-	8,472	272,676
General Government	464,865	13,495	-	328,362	806,722
Capital Outlay	29,594	35,290	45,000	-	109,884
Debt Service:					
Principal Retirement	-	132,115	23,905	97,631	253,651
Interest and Fiscal Charges	-	8,640	-	17,585	26,225
<i>Total Cash Disbursements</i>	<u>669,149</u>	<u>1,241,802</u>	<u>68,905</u>	<u>452,050</u>	<u>2,431,906</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	84,318	20,124	(44,986)	81,508	140,964
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds	-	-	45,000	-	45,000
Sale of Capital Assets	-	500	-	-	500
Transfers In	17,931	97,755	-	14,425	130,111
Transfers Out	(49,000)	(81,111)	-	-	(130,111)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(31,069)</u>	<u>17,144</u>	<u>45,000</u>	<u>14,425</u>	<u>45,500</u>
<i>Net Change in Fund Cash Balances</i>	53,249	37,268	14	95,933	186,464
<i>Fund Cash Balances, January 1</i>	<u>84,377</u>	<u>435,049</u>	<u>22,747</u>	<u>40,314</u>	<u>582,487</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	6,855	-	-	-	6,855
Restricted	-	472,317	-	-	472,317
Committed	-	-	22,761	136,247	159,008
Assigned	15,251	-	-	-	15,251
Unassigned	115,520	-	-	-	115,520
<i>Fund Cash Balances, December 31</i>	<u>\$ 137,626</u>	<u>\$ 472,317</u>	<u>\$ 22,761</u>	<u>\$ 136,247</u>	<u>\$ 768,951</u>

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

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, 2016

	<u>Enterprise</u>	<u>Agency</u>	<u>Private Purpose Trust</u>	<u>Total</u>
<b>Operating Cash Receipts</b>				
Charges for Services	\$ 897,551	\$ -	\$ -	\$ 897,551
Miscellaneous	806	13,530	1,337	15,673
<i>Total Operating Cash Receipts</i>	<u>898,357</u>	<u>13,530</u>	<u>1,337</u>	<u>913,224</u>
<b>Operating Cash Disbursements</b>				
Personal Services	156,672	-	-	156,672
Employee Fringe Benefits	95,489	-	-	95,489
Contractual Services	338,560	-	-	338,560
Supplies and Materials	97,190	-	-	97,190
Other	-	8,799	-	8,799
<i>Total Operating Cash Disbursements</i>	<u>687,911</u>	<u>8,799</u>	<u>-</u>	<u>696,710</u>
<i>Operating Income</i>	<u>210,446</u>	<u>4,731</u>	<u>1,337</u>	<u>216,514</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Property and Other Local Taxes	34,035	-	-	34,035
Intergovernmental	71,306	-	-	71,306
Other Debt Proceeds	49,432	-	-	49,432
Sale of Capital Assets	550	-	-	550
Capital Outlay	(121,636)	-	-	(121,636)
Principal Retirement	(130,629)	-	-	(130,629)
Interest and Other Fiscal Charges	(9,050)	-	-	(9,050)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(105,992)</u>	<u>-</u>	<u>-</u>	<u>(105,992)</u>
<i>Net Change in Fund Cash Balances</i>	104,454	4,731	1,337	110,522
<i>Fund Cash Balances, January 1</i>	<u>172,520</u>	<u>32,869</u>	<u>383</u>	<u>205,772</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 276,974</u>	<u>\$ 37,600</u>	<u>\$ 1,720</u>	<u>\$ 316,294</u>

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

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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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 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 balances (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 committed to providing fire and protection services to the residents of the Village.

***Escrow Lottery Money Fund*** The escrow lottery money fund accounts for and reports the receipt of the Village's portion of tax on lottery winnings that are restricted for a period of three years before the money can be expended.

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

***Fire Truck Repayment Fund*** The fire truck repayment 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.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned 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 to general obligation bonds. The proceeds are restricted 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 Fund:

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

**Fiduciary Funds** Fiduciary funds include private purpose 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 purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account 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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

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

**Budgetary Process**

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

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

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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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 2016 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.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 816,289	\$ 771,398	\$ (44,891)
Special Revenue	1,350,861	1,360,181	9,320
Debt Service	69,000	68,919	(81)
Capital Projects	538,125	547,983	9,858
Enterprise	1,109,715	1,053,680	(56,035)
Private Purpose Trust	-	1,337	1,337
Totals	<u>\$ 3,883,990</u>	<u>\$ 3,803,498</u>	<u>\$ (80,492)</u>

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 3 - Budgetary Activity (continued)**

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 785,797	\$ 733,400	\$ 52,397
Special Revenue	1,404,354	1,331,414	72,940
Debt Service	68,955	68,905	50
Capital Projects	465,338	452,050	13,288
Enterprise	1,050,722	1,021,295	29,427
Private Purpose Trust	383	-	383
Totals	<u>\$ 3,775,549</u>	<u>\$ 3,607,064</u>	<u>\$ 168,485</u>

**Note 4 – Deposits and Investments**

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

	2016
Demand deposits	\$ 841,505
Certificates of deposit	185,422
Total deposits	1,026,927
STAR Ohio	58,318
Total investments	58,318
Total deposits and investments	\$ 1,085,245

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

***Investments***

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

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**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% 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 a declaration annually.

**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 per \$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;
- 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.



**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

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

The Village's 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. The Village has paid all contributions required through December 31, 2016.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2% of the employer contribution to fund these benefits, and OP&F contributes 0.5% to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$ 595,000	3%
OWDA Loans	241,082	2.22-4.56%
OPWC Loans	571,444	0%
General Obligation Notes	201,152	2.50-5.28%
Total	\$ 1,608,678	

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.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 9 – Debt (continued)**

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.

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 notes from Andover Bank for the purpose of purchasing vehicles and equipment for Village use. These notes were issued with interest rates between 2.50% and 5.28% and mature from 2017 to 2021. The Village is repaying these notes from property tax revenue restricted to safety services and general revenues.

**Leases**

The Village leases vehicles and equipment under noncancelable leases. The Village disbursed \$84,404 to pay lease costs for the year ended December 31, 2016.

**Amortization**

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

Year ending December 31:	Leases	OWDA Loans	General Obligation Bonds	General Obligation Notes	OPWC Loans
2017	\$ 84,404	\$ 24,852	\$ 80,750	\$ 155,702	\$ 40,007
2018	-	24,852	84,450	28,691	40,007
2019	-	24,852	87,700	22,297	40,007
2020	-	19,185	80,825	-	40,007
2021	-	19,186	84,075	-	40,007
2022-2026	-	95,926	254,700	-	200,037
2027-2031	-	19,185	-	-	129,607
2032-2036	-	-	-	-	17,919
2037-2041	-	-	-	-	15,330
2042-2046	-	-	-	-	8,516
Total	<u>\$ 84,404</u>	<u>\$ 228,038</u>	<u>\$ 672,500</u>	<u>\$ 206,690</u>	<u>\$ 571,444</u>

**Note 10 – Contingent Liabilities**

The Village is not aware of any pending claims or litigation.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 11 - Transfers**

During 2016, the following transfers were made:

	<u>Transfers - In</u>	<u>Transfers - Out</u>
General	\$ 17,931	\$ (49,000)
Street Constuction	44,000	-
Village Recreation	53,755	-
Escrow Lotto Money	-	(81,111)
Capital Improvement	14,425	-
	<u>\$ 130,111</u>	<u>\$ (130,111)</u>

A transfer was made from the General Fund to the Recreation Fund in the amount of \$35,000 in accordance with a Village resolution. A transfer was made from the General Fund to the Recreation Fund in the amount of \$10,000 in accordance with a Village resolution. A transfer was made from the General Fund to the Recreation Fund in the amount of \$4,000 in accordance with a Village resolution. A transfer was made from the Escrow Lotto Money Fund to the General Fund in the amount of \$17,931 in accordance with a Village resolution. A transfer was made from the Escrow Lotto Money Fund to the Street Construction Fund in the amount of \$44,000 in accordance with a Village resolution. A transfer was made from the Escrow Lotto Money Fund to the Capital Improvement Fund in the amount of \$14,425 in accordance with a Village resolution. A transfer was made from the Escrow Lotto Money Fund to the Village Recreation Fund in the amount of \$4,755 in accordance with a Village resolution. The transfers were deemed allowable.

**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, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 153,080	\$ 249,369	\$ -	\$ -	\$ 402,449
Municipal Income Tax	440,716	441,958	-	440,710	1,323,384
Intergovernmental	59,962	196,579	-	94,580	351,121
Special Assessments	-	12,125	-	-	12,125
Charges for Services	137	223,729	25,081	-	248,947
Fines, Licenses and Permits	38,794	16,249	-	-	55,043
Earnings on Investments	303	400	-	-	703
Miscellaneous	10,362	69,900	2,688	1,575	84,525
<i>Total Cash Receipts</i>	<u>703,354</u>	<u>1,210,309</u>	<u>27,769</u>	<u>536,865</u>	<u>2,478,297</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	89,616	725,462	-	-	815,078
Leisure Time Activities	-	203,806	-	-	203,806
Community Environment	13,524	-	-	-	13,524
Transportation	60,886	181,651	-	-	242,537
General Government	488,550	16,485	-	11,174	516,209
Capital Outlay	191,926	147,951	-	551,732	891,609
Debt Service:					
Principal Retirement	8,433	186,925	26,651	243,715	465,724
Interest and Fiscal Charges	36	13,049	-	22,641	35,726
<i>Total Cash Disbursements</i>	<u>852,971</u>	<u>1,475,329</u>	<u>26,651</u>	<u>829,262</u>	<u>3,184,213</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(149,617)</u>	<u>(265,020)</u>	<u>1,118</u>	<u>(292,397)</u>	<u>(705,916)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	244,030	223,035	-	271,777	738,842
Transfers Out	(101,500)	(687,342)	-	-	(788,842)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>142,530</u>	<u>(464,307)</u>	<u>-</u>	<u>271,777</u>	<u>(50,000)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(7,087)</u>	<u>(729,327)</u>	<u>1,118</u>	<u>(20,620)</u>	<u>(755,916)</u>
<i>Fund Cash Balances, January 1</i>	<u>91,464</u>	<u>1,164,376</u>	<u>21,629</u>	<u>60,934</u>	<u>1,338,403</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	6,921	-	-	-	6,921
Restricted	-	435,049	-	-	435,049
Committed	-	-	22,747	40,314	63,061
Assigned	5,807	-	-	-	5,807
Unassigned	71,649	-	-	-	71,649
<i>Fund Cash Balances, December 31</i>	<u>\$ 84,377</u>	<u>\$ 435,049</u>	<u>\$ 22,747</u>	<u>\$ 40,314</u>	<u>\$ 582,487</u>

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

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, 2015

	<u>Enterprise</u>	<u>Agency</u>	<u>Private Purpose Trust</u>	<u>Total</u>
<b>Operating Cash Receipts</b>				
Charges for Services	\$ 815,151	\$ -	\$ -	\$ 815,151
Miscellaneous	-	14,000	-	14,000
<i>Total Operating Cash Receipts</i>	<u>815,151</u>	<u>14,000</u>	<u>-</u>	<u>829,151</u>
<b>Operating Cash Disbursements</b>				
Personal Services	149,406	-	-	149,406
Employee Fringe Benefits	93,194	-	-	93,194
Contractual Services	336,897	-	-	336,897
Supplies and Materials	115,075	-	-	115,075
Other	-	9,366	-	9,366
<i>Total Operating Cash Disbursements</i>	<u>694,572</u>	<u>9,366</u>	<u>-</u>	<u>703,938</u>
<i>Operating Income</i>	120,579	4,634	-	125,213
<b>Non-Operating Receipts (Disbursements)</b>				
Property and Other Local Taxes	33,095	-	-	33,095
Principal Retirement	(197,969)	-	-	(197,969)
Interest and Other Fiscal Charges	(18,687)	-	-	(18,687)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(183,561)</u>	<u>-</u>	<u>-</u>	<u>(183,561)</u>
<i>Income (Loss) before Transfers</i>	(62,982)	4,634	-	(58,348)
Transfers In	50,000	-	-	50,000
<i>Net Change in Fund Cash Balances</i>	(12,982)	4,634	-	(8,348)
<i>Fund Cash Balances, January 1</i>	<u>185,502</u>	<u>28,235</u>	<u>383</u>	<u>214,120</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 172,520</u>	<u>\$ 32,869</u>	<u>\$ 383</u>	<u>\$ 205,772</u>

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

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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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 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 balances (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 committed to providing fire and protection services to the residents of the Village.

***Escrow Lottery Money Fund*** The escrow lottery money fund accounts for and reports the receipt of the Village's portion of tax on lottery winnings that are restricted for a period of three years before the money can be expended.

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

***Fire Truck Repayment Fund*** The fire truck repayment 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.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned 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 to general obligation bonds. The proceeds are restricted 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 Fund:

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

**Fiduciary Funds** Fiduciary funds include private purpose 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 purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account 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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

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

**Budgetary Process**

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

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

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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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 2015 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.



**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 945,979	\$ 947,384	\$ 1,405
Special Revenue	1,437,696	1,433,344	(4,352)
Debt Service	27,769	27,769	-
Capital Projects	818,566	808,642	(9,924)
Enterprise	898,055	848,246	(49,809)
Private Purpose Trust	-	-	-
Totals	4,128,065	4,065,385	(62,680)

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

**Note 3 - Budgetary Activity (continued)**

2015 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,019,527	\$ 949,611	\$ 69,916
Special Revenue	2,215,282	2,162,571	52,711
Debt Service	26,651	26,651	-
Capital Projects	878,866	869,045	9,821
Enterprise	925,241	924,530	711
Private Purpose Trust	383	-	383
Totals	5,065,950	4,932,408	133,542

**Note 4 – Deposits and Investments**

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

	2015
Demand deposits	\$ 545,139
Certificates of deposit	185,113
Total deposits	730,252
STAR Ohio	58,007
Total investments	58,007
Total deposits and investments	\$ 788,259

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

***Investments***

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

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**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% 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 a declaration annually.

**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 per \$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;
- 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.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

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

The Village's 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. From January 1, 2015 to June 30, 2015, OP&F participants contributed 11.5% of their wages. From July 1, 2015 to December 31, 2015, 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. The Village has paid all contributions required through December 31, 2015.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2% of the employer contribution to fund these benefits, and OP&F contributes 0.5% to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$ 665,000	3%
OWDA Loans	282,004	2.22-4.56%
OPWC Loans	616,451	0%
General Obligation Notes	335,070	2.50-5.28%
Total	<u>\$ 1,898,525</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.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

**Note 9 – Debt (continued)**

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.

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 2016 to June 2028. The Village is repaying these loans from user charges.

The Village obtained notes from Andover Bank for the purpose of purchasing vehicles and equipment for Village use. These notes were issued with interest rates between 2.50% and 5.28% and mature from 2017 to 2021. The Village is repaying these notes from property tax revenue restricted to safety services and general revenues.

**Leases**

The Village leases vehicles and equipment under noncancelable leases. The Village disbursed \$84,404 to pay lease costs for the year ended December 31, 2015.

**Amortization**

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

Year ending December 31:	Leases	OWDA Loan	General Obligation Bonds	General Obligation Notes	OPWC Loans
2016	\$ 84,404	\$ 100,128	\$ 87,150	\$ 139,237	\$ 45,007
2017	84,404	24,852	80,750	155,702	40,007
2018	-	24,852	84,450	28,691	40,007
2019	-	24,852	87,700	22,297	40,007
2020	-	19,185	80,825	-	40,007
2021-2025	-	95,926	338,775	-	200,037
2026-2030	-	38,370	-	-	164,822
2031-2035	-	-	-	-	19,646
2036-2040	-	-	-	-	15,330
2041-2045	-	-	-	-	11,581
<b>Total</b>	<b>\$ 168,808</b>	<b>\$ 328,165</b>	<b>\$ 759,650</b>	<b>\$ 345,927</b>	<b>\$ 616,451</b>

**Note 10 – Contingent Liabilities**

The Village is not aware of any pending claims or litigation.

**Village of Jefferson**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**Note 11 - Transfers**

During 2015, the following transfers were made:

	<u>Transfers - In</u>	<u>Transfers - Out</u>
General	\$ 244,029	\$ (101,500)
Street Constuction	171,535	-
Village Recreation	51,500	-
Escrow Lotto Money	-	(687,342)
Capital Improvement	271,778	-
Enterprise		50,000
	<u>\$ 738,842</u>	<u>\$ (738,842)</u>

A transfer was made from the General Fund to the Recreation Fund in the amount of \$15,000 in accordance with a Village resolution. A transfer was made from the General Fund to the Recreation Fund in the amount of \$36,000 in accordance with a Village resolution. A transfer was made from the General Fund to the Wastewater Treatment Fund in the amount of \$50,000 in accordance with a Village resolution. A transfer was made from the General Fund to the Recreation Fund in the amount of \$15,000 in accordance with a Village resolution. A transfer was made from the Escrow Lotto Money Fund to the General Fund in the amount of \$24,000 in accordance with a Village resolution. A transfer was made from the Escrow Lotto Fund to the General, Street Construction and Capital Improvement Funds in the amount of \$663,341 in accordance with a Village resolution. The transfers were deemed allowable.



313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

104 South Sugar St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

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

August 21, 2017

Village of Jefferson  
Ashtabula County  
27 East Jefferson Street  
Jefferson, OH 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 **Village of Jefferson**, Ashtabula County (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated August 21, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 21, 2017.

### **Purpose of this Report**

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



**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, 2016 AND 2015*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Material Weakness**

**Posting Receipts and Disbursements**

During 2015 and 2016, several receipts and disbursements were not posted into accurate classifications based on the source of the receipt or disbursement. The following mispostings and misclassifications were noted during the audit:

- In 2016 and 2015, Loan Principal and Interest payments were incorrectly recorded as Capital Outlay in the Special Street Repair Fund.
- In 2015, Lease Principal and Interest payments were incorrectly recorded as Capital Outlay in the General Fund and the Capital Improvement Special Revenue Fund.
- In 2015, Grant Disbursements and Reimbursements were incorrectly recorded as other debt proceeds in the Capital Improvement Special Revenue Fund.
- In 2016, Other Debt Proceeds and the corresponding Capital Outlay were not recorded for a loan portion in the Sewer Improvement Fund.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

We recommend the Clerk-Treasurer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts, and posting of receipts and disbursements.

**Officials' Response:** We did not receive a response from Officials to this finding.

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# Dave Yost • Auditor of State

VILLAGE OF JEFFERSON

ASHTABULA 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  
NOVEMBER 9, 2017