

VILLAGE OF JEROMESVILLE

ASHLAND COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2022 & 2021

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARepor@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the Village of Jeromesville, Ashland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 28, 2023

This page intentionally left blank.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	1 - 3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2022.....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Proprietary Fund Types For the Year Ended December 31, 2022.....	5
Notes to the Financial Statements for the Year Ended December 31, 2022	6 - 13
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2021.....	14
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary Fund Types For the Year Ended December 31, 2021.....	15
Notes to the Financial Statements for the Year Ended December 31, 2021	16 - 23
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	24 - 25
Schedule of Findings and Responses.....	26
Summary Schedule of Prior Audit Findings.....	27

This page intentionally left blank.

Independent Auditor's Report

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

To the Members of the Village Council:

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Jeromesville, Ashland County, Ohio, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Jeromesville, as of and for the years ended December 31, 2022 and 2021 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 1.

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" section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Jeromesville, as of December 31, 2022 and 2021, or changes in net position, and cash flows, thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Village of Jeromesville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Village of Jeromesville on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Jeromesville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Jeromesville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Village of Jeromesville
Ashland County
Independent Auditor's Report

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Jeromesville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2023 on our consideration of the Village of Jeromesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Jeromesville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Jeromesville's internal control over financial reporting and compliance.



Julian & Grube, Inc.
July 28, 2023

Village of Jeromesville, Ohio
Ashland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$47,467	\$0	\$47,467
Intergovernmental	35,341	128,476	163,817
Charges for Services	-	2,679	2,679
Earnings on Investments	198	126	324
Miscellaneous	7,466	5,051	12,517
<i>Total Cash Receipts</i>	<u>90,472</u>	<u>136,332</u>	<u>226,804</u>
Cash Disbursements			
Current:			
Leisure Time Activities	11,540	-	11,540
Transportation	-	144,670	144,670
General Government	72,664	-	72,664
Capital Outlay	-	500	500
Debt Service:			
Principal Retirement	-	1,010	1,010
<i>Total Cash Disbursements</i>	<u>84,204</u>	<u>146,180</u>	<u>230,384</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,268</u>	<u>(9,848)</u>	<u>(3,580)</u>
Other Financing Receipts (Disbursements)			
Loans Issued	-	19,198	19,198
Transfers In	-	5,500	5,500
Transfers Out	(5,500)	-	(5,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,500)</u>	<u>24,698</u>	<u>19,198</u>
<i>Net Change in Fund Cash Balances</i>	768	14,850	15,618
<i>Fund Cash Balances, January 1</i>	<u>63,513</u>	<u>119,702</u>	<u>183,215</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$64,281</u></u>	<u><u>\$134,552</u></u>	<u><u>\$198,833</u></u>

See accompanying notes to the financial statements

Village of Jeromesville, Ohio
Ashland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2022

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$191,313
<i>Total Operating Cash Receipts</i>	191,313
Operating Cash Disbursements	
Personal Services	70,799
Employee Fringe Benefits	11,713
Contractual Services	94,180
Supplies and Materials	20,700
<i>Total Operating Cash Disbursements</i>	197,392
<i>Operating Income (Loss)</i>	(6,079)
Non-Operating Receipts (Disbursements)	
Special Assessments	10,723
Principal Retirement	(24,595)
Interest and Other Fiscal Charges	(34,655)
<i>Total Non-Operating Receipts (Disbursements)</i>	(48,527)
<i>Net Change in Fund Cash Balances</i>	(54,606)
<i>Fund Cash Balances, January 1</i>	312,566
<i>Fund Cash Balances, December 31</i>	\$257,960

See accompanying notes to the financial statements

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Jeromesville, Ashland County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street repair and maintenance, and water and sewer services to the residents of the Village. The Jeromesville Community Fire Department provides fire protection services to the Village residents.

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

B. BASIS OF ACCOUNTING

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 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.

C. DEPOSITS AND INVESTMENTS

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

D. BASIS OF PRESENTATION

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

E. FUND ACCOUNTING

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. FUND ACCOUNTING - (continued)

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline and motor vehicle tax money for construction, maintenance and repairing of Village streets.

American Rescue Plan Act (ARPA) Fund – This fund receives disbursements related to the ARPA of 2021 for COVID-19 related expenses or other authorized projects as outlined in the Act.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

F. 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 Village Council must annually approve appropriation measures and subsequent amendments. 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.

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 2022 budgetary activity appears in Note 4.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

G. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

H. PROPERTY, PLANT AND EQUIPMENT

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

VILLAGE OF JEROMESVILLE
 ASHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

I. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2022
Demand Deposits	\$456,793
Total	\$456,793

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit pool.

3. COMPLIANCE

The Village was in noncompliance with Ohio Revised Code 5705.10(I) for having a deficit fund balance.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2022 is as follows:

2022 Budgeted vs. Actual Receipts

<u>Fund Type</u>	Budgeted Receipts	Actual Receipts	Variance
General	\$ 85,381	\$ 90,472	\$ 5,091
Special Revenue	124,581	161,030	36,449
Enterprise	196,000	202,036	6,036
TOTALS	\$ 405,962	\$ 453,538	\$ 47,576

2022 Budgeted vs. Actual Budgetary Based Disbursements

<u>Fund Type</u>	Total Appropriations	Budgetary Disbursements	Variance
General	\$ 120,010	\$ 92,325	\$ 27,685
Special Revenue	220,850	146,436	74,414
Enterprise	539,215	265,896	273,319
TOTALS	\$ 880,075	\$ 504,657	\$ 375,418

VILLAGE OF JEROMESVILLE
 ASHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For the Year Ended December 31, 2022

5. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

6. DEBT

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Loan	\$797,600	4.25%
Ohio Public Works Commission Loan (1)	\$61,156	0.00%
Ohio Public Works Commission Loan (2)	\$18,186	0.00%
Total	<u>\$876,942</u>	

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

The Ohio Public Works Commission 1 (OPWC1) loan relates to a water treatment plant improvement project. The loan will be repaid in semi-annual installments of \$3,398, over 20 years. Interest is 0%. Final maturity is 2031.

The Ohio Public Works Commission 2 (OPWC2) loan relates to an improvement project for the reconstruction of Boyd Drive and its water basins. The loan will be repaid in semi-annual installments of \$505, over 20 years. Interest is 0%. Final maturity is 2040.

VILLAGE OF JEROMESVILLE
 ASHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For the Year Ended December 31, 2022

Amortization of the above debt is scheduled as follows:

Year ending Decemebr 31:	USDA Loan		
	Principal	Interest	Total
2023	\$18,500	\$33,877	\$52,377
2024	\$19,300	\$33,077	\$52,377
2025	\$20,100	\$32,277	\$52,377
2026	\$21,000	\$31,377	\$52,377
2027	\$21,900	\$30,477	\$52,377
2028-2032	\$124,100	\$137,785	\$261,885
2033-2037	\$152,800	\$109,085	\$261,885
2038-2042	\$188,200	\$73,685	\$261,885
2043-2047	\$231,700	\$30,185	\$261,885
Total	\$797,600	\$511,825	\$1,309,425

Year ending December 31:	OPWC 1 Loan	OPWC 2 Loan
2023	\$6,795	\$1,010
2024	\$6,795	\$1,010
2025	\$6,795	\$1,010
2026	\$6,795	\$1,010
2027	\$6,795	\$1,010
2028-2032	\$27,181	\$5,052
2033-2037	\$0	\$5,052
2038-2040	\$0	\$3,032
Total	\$61,156	\$18,186

7. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2022, OPERS members contributed 10%, respectively of their gross salaries and the Village contributed an amount equaling 14%, respectively of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

All other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022

8. POSTRETIREMENT SYSTEM

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

9. RISK POOL MEMBERSHIP

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021 (most current information).

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021 (most current information).

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

10. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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

VILLAGE OF JEROMESVILLE
 ASHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For the Year Ended December 31, 2022

11. FUND BALANCES

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Enterprise	Total
Outstanding Encumbrances	2,621	256	9,254	12,131
<i>Total</i>	\$2,621	\$256	\$9,254	\$12,131

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

Village of Jeromesville, Ohio
Ashland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$43,281	\$42	\$43,323
Intergovernmental	36,870	92,776	129,646
Charges for Services	-	2,859	2,859
Earnings on Investments	162	105	267
Miscellaneous	4,651	-	4,651
<i>Total Cash Receipts</i>	<u>84,964</u>	<u>95,782</u>	<u>180,746</u>
Cash Disbursements			
Current:			
Leisure Time Activities	8,183	-	8,183
Transportation	-	44,562	44,562
General Government	83,477	-	83,477
<i>Total Cash Disbursements</i>	<u>91,660</u>	<u>44,562</u>	<u>136,222</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,696)</u>	<u>51,220</u>	<u>44,524</u>
<i>Net Change in Fund Cash Balances</i>	(6,696)	51,220	44,524
<i>Fund Cash Balances, January 1, Restated (Note 12)</i>	<u>70,209</u>	<u>68,482</u>	<u>138,691</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$63,513</u></u>	<u><u>\$119,702</u></u>	<u><u>\$183,215</u></u>

See accompanying notes to the financial statements

Village of Jeromesville, Ohio
Ashland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2021

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$203,677
Miscellaneous	130
<i>Total Operating Cash Receipts</i>	<i>203,807</i>
Operating Cash Disbursements	
Personal Services	51,561
Employee Fringe Benefits	7,842
Contractual Services	89,629
Supplies and Materials	19,937
<i>Total Operating Cash Disbursements</i>	<i>168,969</i>
<i>Operating Income (Loss)</i>	<i>34,838</i>
Non-Operating Receipts (Disbursements)	
Special Assessments	11,338
Earnings on Investments (proprietary funds only)	30
Principal Retirement	(23,795)
Interest and Other Fiscal Charges	(35,377)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(47,804)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(12,966)</i>
<i>Fund Cash Balances, January 1, Restated (Note 12)</i>	<i>325,532</i>
<i>Fund Cash Balances, December 31</i>	<i>\$312,566</i>

See accompanying notes to the financial statements

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Jeromesville, Ashland County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street repair and maintenance, and water and sewer services to the residents of the Village. The Jeromesville Community Fire Department provides fire protection services to the Village residents.

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

B. BASIS OF ACCOUNTING

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 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.

C. DEPOSITS AND INVESTMENTS

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

D. BASIS OF PRESENTATION

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

E. FUND ACCOUNTING

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. FUND ACCOUNTING - (continued)

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline and motor vehicle tax money for construction, maintenance and repairing of Village streets.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

F. 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 Village Council must annually approve appropriation measures and subsequent amendments. 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.

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 2021 budgetary activity appears in Note 4.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

G. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

H. PROPERTY, PLANT AND EQUIPMENT

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

VILLAGE OF JEROMESVILLE
 ASHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

I. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2021
Demand Deposits	\$495,781
Total	\$495,781

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit pool.

3. COMPLIANCE

The Village was in noncompliance with Ohio Revised Code 5705.10(I) for having a deficit fund balance.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2021 is as follows:

<u>Fund Type</u>	<u>2021 Budgeted vs. Actual Receipts</u>		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 94,630	\$ 84,964	\$ (9,666)
Special Revenue	93,308	95,782	2,474
Enterprise	273,487	215,175	(58,312)
TOTALS	\$ 461,425	\$ 395,921	\$ (65,504)

<u>Fund Type</u>	<u>2021 Budgeted vs. Actual Budgetary Based Disbursements</u>		
	Total Appropriations	Budgetary Disbursements	Variance
General	\$ 105,600	\$ 96,407	\$ 9,193
Special Revenue	103,644	44,645	58,999
Enterprise	502,647	238,299	264,348
TOTALS	\$ 711,891	\$ 379,351	\$ 332,540

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2021

5. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

6. DEBT

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Loan	\$815,400	4.25%
Ohio Public Works Commission Loan	\$67,951	0.00%
Total	<u>\$883,351</u>	

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

The Ohio Public Works Commission (OPWC) loan relates to a water treatment plant improvement project. The loan will be repaid in semi-annual installments of \$3,398, over 20 years. Interest is 0%. Final maturity is 2031.

VILLAGE OF JEROMESVILLE
 ASHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For the Year Ended December 31, 2021

Amortization of the above debt is scheduled as follows:

Year ending Decemebr 31:	USDA Loan		
	Principal	Interest	Total
2022	\$17,800	\$34,577	\$52,377
2023	\$18,500	\$33,877	\$52,377
2024	\$19,300	\$33,077	\$52,377
2025	\$20,100	\$32,277	\$52,377
2026	\$21,000	\$31,377	\$52,377
2027-2031	\$119,100	\$142,785	\$261,885
2032-2036	\$146,600	\$115,285	\$261,885
2037-2041	\$180,500	\$81,385	\$261,885
2042-2046	\$222,200	\$88,650	\$310,850
2047	\$50,300	\$2,077	\$52,377
Total	<u>\$815,400</u>	<u>\$595,367</u>	<u>\$1,410,767</u>

Year ending December 31:	OPWC Loan
2022	\$6,795
2023	\$6,795
2024	\$6,795
2025	\$6,795
2026	\$6,795
2027-2031	<u>\$33,975</u>
Total	<u>\$67,950</u>

7. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10%, respectively of their gross salaries and the Village contributed an amount equaling 14%, respectively of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

All other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2021

8. POSTRETIREMENT SYSTEM

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

9. RISK POOL MEMBERSHIP

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

10. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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

VILLAGE OF JEROMESVILLE
 ASHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For the Year Ended December 31, 2021

11. FUND BALANCES

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Enterprise	Total
Outstanding Encumbrances	4,747	83	10,158	14,988
<i>Total</i>	\$4,747	\$83	\$10,158	\$14,988

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

12. RE-STATEMENT OF BEGINNING FUND BALANCES

A beginning fund balance adjustment was made by the Village to remove reconciling outstanding checks/payments that were listed on the bank reconciliations prior to 2021. These checks/payments were a result of a conversion of accounting software from a prior year that should have been voided in the system and never posted as outstanding in the first place. This adjustment increased the General fund by \$7,057, the Street Construction, Maintenance, and Repair fund by \$436, the Water Operating fund by \$304 and the Sewer Operating fund by \$304.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

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

To the Members of the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Jeromesville, Ashland County, Ohio, as of and for the years ended December 31, 2022, and 2021, and the related notes to the financial statements and have issued our report thereon dated July 28, 2023, wherein we noted as described in Note 1 to the financial statements, the Village of Jeromesville followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Jeromesville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-002.

Village of Jeromesville

Ashland County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Village of Jeromesville's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Jeromesville's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village of Jeromesville's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



Julian & Grube, Inc.

July 28, 2023

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2022-001

Material Weakness - Financial Statement Presentation

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

Certain adjustments were made to the financial statements and notes to the financial statements, for both 2022 and 2021, to properly state financial statement amounts.

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

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

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

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

Finding Number	2022-002
----------------	----------

Noncompliance – Negative Fund Balances

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

A negative fund balance existed in the Debt Service fund at December 31, 2022 and 2021.

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

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

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

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022 AND 2021**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2020-001	2012	<u>Material Weakness - Financial Statement Presentation</u> - The Village had receipts and disbursements that were posted incorrectly according to the Village Handbook and the Ohio Revised Code.	Not Corrected	Finding repeated at 2022-001 as certain adjustments were made to the report.
2020-002	2018	<u>Noncompliance/Material Weakness - Revenue Posting Error</u> - Ohio Revised Code Section 5735.28 outlines the posting of gasoline tax and motor vehicle license tax receipts to the proper funds. The Village posted receipts to the incorrect funds.	Corrected	N/A
2020-003	2020	<u>Noncompliance/Material Weakness – Purchase Orders</u> - Ohio Revised Code Section 5705.10 (D), in part, requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Village did not properly certify 48.65% percent of disbursements made during the year ended December 31, 2020 and 65.52% percent of disbursements made during the year ended December 31, 2019.	Partially Corrected	Moved to Management Letter Comment
2020-004	2020	<u>Noncompliance – Negative Fund Balance</u> - Ohio Revised Code Section 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit fund balance indicates money from another fund or funds was used to pay obligations of funds that carry the deficit fund balance. Negative fund balances existed in the Debt Service and Sewer Reserve funds at December 31, 2020 and in the Street Construction, Maintenance and Repair, Debt Service, and Sewer Reserve funds at December 31, 2019	Not Corrected	Finding repeated at 2022-002 as negative balances still existed.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF JEROMESVILLE

ASHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/10/2023

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