



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF JEFFERSON
ASHTABULA COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council and Mayor:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Jefferson, Ashtabula County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion 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 and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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 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, 2022 and 2021, or the changes in financial position 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 (GAAS) 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, 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.

Efficient • Effective • Transparent

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village 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 an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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 misstatement, 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'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 GAAS and the financial audit standards in the Comptroller General of the United States' *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 GAAS 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'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.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village'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 August 20, 2024, 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. 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'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's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 20, 2024

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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, 2022

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$167,282	\$307,637		\$7,697	\$482,616
Municipal Income Tax	723,004	723,005		723,221	2,169,230
Intergovernmental	81,884	554,890			636,774
Special Assessments		12,039			12,039
Charges for Services	100	174,802	\$27,789	8,630	211,321
Fines, Licenses and Permits	45,531	9,934			55,465
Earnings on Investments	1,728	172			1,900
Miscellaneous	9,213	53,391	4,930	9,155	76,689
Total Cash Receipts	1,028,742	1,835,870	32,719	748,703	3,646,034
Cash Disbursements					
Current:					
Security of Persons and Property	92,862	820,131			912,993
Leisure Time Activities		220,232			220,232
Transportation	113,124	259,027			372,151
General Government	476,172	38,524		6,829	521,525
Capital Outlay	118,208	220,977		528,304	867,489
Debt Service:					
Principal Retirement		17,500	43,000	139,903	200,403
Interest and Fiscal Charges			13,741	5,662	19,403
Total Cash Disbursements	800,366	1,576,391	56,741	680,698	3,114,196
Excess of Receipts Over (Under) Disbursements	228,376	259,479	(24,022)	68,005	531,838
Other Financing Receipts (Disbursements)					
Sale of Capital Assets		63,413			63,413
Transfers In		38,750			38,750
Transfers Out	(27,000)	(11,750)			(38,750)
Total Other Financing Receipts (Disbursements)	(27,000)	90,413	-	-	63,413
Net Change in Fund Cash Balances	201,376	349,892	(24,022)	68,005	595,251
Fund Cash Balances, January 1	573,124	934,491	59,112	253,491	1,820,218
Fund Cash Balances, December 31	\$774,500	\$1,284,383	\$35,090	\$321,496	\$2,415,469

See accompanying notes to the basic financial statements

Village of Jefferson
Ashtabula County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$1,093,822
Miscellaneous	5,935
	<u>1,099,757</u>
<i>Total Operating Cash Receipts</i>	<i>1,099,757</i>
Operating Cash Disbursements	
Personal Services	178,322
Employee Fringe Benefits	113,656
Contractual Services	341,416
Supplies and Materials	99,947
Other	4,020
	<u>737,361</u>
<i>Total Operating Cash Disbursements</i>	<i>737,361</i>
<i>Operating Income (Loss)</i>	<i>362,396</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	185,510
Special Assessments	26,871
Loan Proceeds	40,099
Capital Outlay	(344,143)
Principal Retirement	(47,951)
Interest and Other Fiscal Charges	(5,071)
	<u>(144,685)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(144,685)</i>
<i>Net Change in Fund Cash Balances</i>	<i>217,711</i>
<i>Fund Cash Balances, January 1</i>	<i>684,978</i>
	<u>684,978</u>
<i>Fund Cash Balances, December 31</i>	<i>\$902,689</i>
	<u>\$902,689</u>

See accompanying notes to the basic financial statements

Village of Jefferson
 Ashtabula County
 Statement of Additions, Deductions
 and Changes in Fund Balances (Regulatory Cash Basis)
 Fiduciary Fund Type
 For the Year Ended December 31, 2022

	Fiduciary Fund Type
	Custodial
Additions	
Deposits Received	\$7,415
<i>Total Additions</i>	7,415
Deductions	
Other Distributions	7,715
<i>Total Deductions</i>	7,715
<i>Net Change in Fund Balances</i>	(300)
<i>Fund Cash Balances, January 1</i>	3,078
<i>Fund Cash Balances, December 31</i>	\$2,778

See accompanying notes to the basic financial statements

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Jefferson (the Village), Ashtabula County is a body politic and corporate established to exercise the right and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, park operations and other leisure time activities and police services. The Village contracts with Jefferson Township to provide fire protection services.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

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

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

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

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

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

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

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

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.

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 12.

Note 3 - Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,026,728	\$1,028,742	\$2,014
Special Revenue	1,910,336	1,938,033	27,697
Debt Service	32,680	32,719	39
Capital Projects	748,800	748,703	(97)
Enterprise	1,132,200	1,352,237	220,037
Fiduciary	7,415	7,415	0
Total	\$4,858,359	\$5,107,849	\$249,490

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,025,274	\$876,191	\$149,083
Special Revenue	1,955,128	1,647,766	307,362
Debt Service	61,000	56,741	4,259
Capital Projects	1,185,215	730,455	454,760
Enterprise	2,026,629	1,134,526	892,103
Fiduciary	8,200	7,715	485
Total	\$6,261,446	\$4,453,394	\$1,808,052

Note 4 – Deposits

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

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

	<u>2022</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$3,066,469
Certificates of deposit	191,406
Total deposits	<u>3,257,875</u>
STAR Ohio	63,061
Total investments	<u>63,061</u>
Total Deposits and Investments	<u>\$3,320,936</u>

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

Deposits

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

Investments

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

Note 5 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 - Risk Management

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

Risk Pool Membership

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

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

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 has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

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 plans. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

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

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.

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 2022.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multi-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during the calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$165,000	3.00%
OWDA Loan #4741 SR 46 Sewer Extension	93,961	3.97%
OWDA Loan #7340 Ultra-Violet Disinfection System	21,091	2.22%
OWDA Loan #9644 E Market/Sundry Street Sanitary Sewer Lining	35,354	3.10%
OPWC Loan CG02K West Mulberry Street Improvement	52,500	0.00%
OPWC Loan CG06S East Ashtabula Street Sanitary Sewer Repairs	31,690	0.00%
OPWC Loan CG34N South Sycamore Street Truck Route Phase I	18,991	0.00%
OPWC Loan CG38I Wastewater Treatment Plant Upgrade	154,800	0.00%
OPWC Loan CG39P Sycamore Street Culvert Replacement	72,050	0.00%
OPWC Loan CG70M West Mulberry St Improvements, Phase 1.5	53,063	0.00%
OPWC Loan CG58V Sycamore Street Construction	67,870	0.00%
OPWC Loan CG64W Erie Street Improvements	210,828	0.00%
USDA Pierce Fire Truck 2020 Loan	383,000	2.38%
Andover Back Hoe Loan	29,801	2.80%
US Bank Copier Loan	8,864	5.28%
Total	<u><u>\$1,398,863</u></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, 2022

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 2047. 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. OWDA Loan #9644 does not currently have an amortization schedule and is not included in the amortization schedule below.

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

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

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

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loan	USDA Pierce Fire Truck	General Obligation Bonds	Copier	Andover Bank Back Hoe Loan
2023	\$57,262	\$24,725	\$53,120	\$84,950	\$4,153	\$15,735
2024	57,262	24,725	53,075	87,550	4,153	15,318
2025	57,262	24,725	53,006		1,384	
2026	57,262	24,725	52,914			
2027	57,262	19,185	53,798			
2028-2032	194,524	9,593	160,315			
2033-2037	103,331					
2038-2042	66,893					
2043-2047	10,734					
Total	<u>\$661,792</u>	<u>\$127,678</u>	<u>\$426,228</u>	<u>\$172,500</u>	<u>\$9,690</u>	<u>\$31,053</u>

Note 10 - Contingent Liabilities

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

Note 11 – Transfers

During 2022, the Village made various transfers to subsidize operations and to provide for expenditures. All transfers were approved in accordance with Ohio Revised Code sections 5705.14, 5705.15 and 5705.16.

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Fund Balance

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable:				
Unclaimed Monies	\$9,988	\$0	\$0	\$9,988
Outstanding Encumbrances	<u>48,825</u>	<u>59,625</u>	<u>49,757</u>	<u>158,207</u>
<i>Total</i>	<u>\$58,813</u>	<u>\$59,625</u>	<u>\$49,757</u>	<u>\$168,195</u>

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

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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, 2021

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$171,479	\$316,360		\$3,700	\$491,539
Municipal Income Tax	654,818	654,735		654,930	1,964,483
Intergovernmental	78,247	416,084		(31)	494,300
Special Assessments		12,039			12,039
Charges for Services	54	163,868	\$27,646	5,345	196,913
Fines, Licenses and Permits	47,574	2,353			49,927
Earnings on Investments	505	56			561
Miscellaneous	10,810	103,832	2,328	1,463	118,433
Total Cash Receipts	963,487	1,669,327	29,974	665,407	3,328,195
Cash Disbursements					
Current:					
Security of Persons and Property	82,906	785,919			868,825
Public Health Services		39,046			39,046
Leisure Time Activities		187,253			187,253
Transportation	112,913	223,246			336,159
General Government	548,746	24,204		19,252	592,202
Capital Outlay	20,962	201,134		411,368	633,464
Debt Service:					
Principal Retirement		14,000	29,000	140,309	183,309
Interest and Fiscal Charges		6,764	-	12,353	19,117
Total Cash Disbursements	765,527	1,481,566	29,000	583,282	2,859,375
Excess of Receipts Over (Under) Disbursements	197,960	187,761	974	82,125	468,820
Other Financing Receipts (Disbursements)					
Sale of Capital Assets		6,600			6,600
Transfers In		19,200			19,200
Transfers Out	(7,000)	(12,200)			(19,200)
Total Other Financing Receipts (Disbursements)	(7,000)	13,600			6,600
Net Change in Fund Cash Balances	190,960	201,361	974	82,125	475,420
Fund Cash Balances, January 1	382,164	733,130	58,138	171,366	1,344,798
Fund Cash Balances, December 31	\$573,124	\$934,491	\$59,112	\$253,491	\$1,820,218

See accompanying notes to the basic financial statements

Village of Jefferson
Ashtabula County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Enterprise
Operating Cash Receipts	
Charges for Services	\$1,055,160
Miscellaneous	16,817
	1,071,977
 Operating Cash Disbursements	
Personal Services	200,292
Employee Fringe Benefits	113,331
Contractual Services	387,137
Supplies and Materials	193,939
Other	4,960
	899,659
 <i>Total Operating Cash Disbursements</i>	 899,659
 <i>Operating Income (Loss)</i>	 172,318
 Non-Operating Receipts (Disbursements)	
Intergovernmental	341,670
Special Assessments	32,692
Capital Outlay	(533,513)
Principal Retirement	(41,928)
Interest and Other Fiscal Charges	(5,418)
	(206,497)
 <i>Total Non-Operating Receipts (Disbursements)</i>	 (206,497)
 <i>Net Change in Fund Cash Balances</i>	 (34,179)
 <i>Fund Cash Balances, January 1</i>	 719,157
 <i>Fund Cash Balances, December 31</i>	 \$684,978

See accompanying notes to the basic financial statements

Village of Jefferson
Ashtabula County
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	<u>Fiduciary Fund Type</u>
	Custodial
Additions	
Deposits Received	\$7,130
<i>Total Additions</i>	7,130
Deductions	
Other Distributions	7,470
<i>Total Deductions</i>	7,470
<i>Net Change in Fund Balances</i>	(340)
<i>Fund Cash Balances, January 1</i>	3,418
<i>Fund Cash Balances, December 31</i>	\$3,078

See accompanying notes to the basic financial statements

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Jefferson (the Village), Ashtabula County is a body politic and corporate established to exercise the right and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, park operations and other leisure time activities and police services. The Village contracts with Jefferson Township to provide fire protection services.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

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

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

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

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

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

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

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

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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.

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2021

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

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

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

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 12.

Note 3 - Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$797,253	\$963,487	(\$166,234)
Special Revenue	1,547,824	1,695,127	(\$147,303)
Debt Service	99,392	29,974	\$69,418
Capital Projects	605,354	665,407	(\$60,053)
Enterprise	1,099,013	1,446,339	(\$347,326)
Fiduciary	8,412	7,130	\$1,282
Total	\$4,157,248	\$4,807,464	(\$650,216)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$938,853	\$788,925	\$149,928
Special Revenue	1,842,600	1,520,631	321,969
Debt Service	31,000	29,000	2,000
Capital Projects	889,656	590,367	299,289
Enterprise	2,046,255	1,480,518	565,737
Fiduciary	7,200	7,470	(270)
Total	\$5,755,564	\$4,416,911	\$1,338,653

Note 4 – Deposits

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

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2021

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$2,254,868
Certificates of deposit	191,406
Total deposits	2,446,274
STAR Ohio	62,000
Total investments	62,000
Total Deposits and Investments	\$2,508,274

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

Deposits

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

Investments

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

Note 5 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 - Risk Management

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

Risk Pool Membership

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

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

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.

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 plans. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

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

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2021.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multi-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during the calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

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

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$240,000	3.00%
OWDA Loan #4741 SR 46 Sewer Extension	108,968	3.97%
OWDA Loan #7340 Ultra-Violet Disinfection System	26,079	2.22%
OPWC Loan CG02K West Mulberry Street Improvement	60,000	0.00%
OPWC Loan CG06S East Ashtabula Street Sanitary Sewer Repairs	33,671	0.00%
OPWC Loan CG34N South Sycamore Street Truck Route Phase I	20,717	0.00%
OPWC Loan CG38I Wastewater Treatment Plant Upgrade	175,440	0.00%
OPWC Loan CG39P Sycamore Street Culvert Replacement	75,116	0.00%
OPWC Loan CG70M West Mulberry St Improvements, Phase 1.5	60,138	0.00%
OPWC Loan CG58V Sycamore Street Construction	71,747	0.00%
OPWC Loan CG64W Erie Street Improvements	227,922	0.00%
USDA Pierce Fire Truck 2020 Loan	426,000	2.38%
Andover Back Truck Loan	27,163	2.75%
Andover Back Hoe Loan	44,701	2.80%
US Bank Copier Loan	12,217	5.28%
Total	<u>\$1,609,879</u>	

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

The Village obtained loans from the Ohio Public Works Commission (OPWC) for the purpose of completing various street and water and sewer projects. These are no interest loans maturing from July 2017 to July 2046. The Village is repaying these loans from municipal income tax revenues committed to capital improvements and user charges.

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. OWDA Loan #9644 does not currently have an amortization schedule and is not included in the amortization schedule below.

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

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

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

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

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loans	Pierce Fire Truck	General Obligation Bonds	Copier	Andover Bank Truck Loan	Andover Bank Back Hoe Loan
2022	\$57,262	\$24,725	\$53,141	\$82,200	\$4,153	\$29,567	\$16,152
2023	57,262	24,725	53,120	84,950	4,153		15,735
2024	57,262	24,725	53,075	87,550	4,153		15,318
2025	57,262	24,725	53,006		1,384		
2026	57,262	24,725	52,914				
2027-2031	229,734	28,778	214,113				
2032-2036	105,057						
2037-2041	84,147						
2042-2046	19,503						
Total	<u>\$724,751</u>	<u>\$152,403</u>	<u>\$479,369</u>	<u>\$254,700</u>	<u>\$13,843</u>	<u>\$29,567</u>	<u>\$47,205</u>

Village of Jefferson
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 - Contingent Liabilities

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

Note 11 – Transfers

During 2021, the Village made various transfers to subsidize operations and to provide for expenditures. All transfers were approved in accordance with Ohio Revised Code sections 5705.14, 5705.15 and 5705.16.

Note 12 – Fund Balance

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$9,070	\$0	\$0	\$9,070
Corpus				0
Outstanding Encumbrances	<u>16,398</u>	<u>26,865</u>	<u>7,085</u>	<u>50,348</u>
<i>Total</i>	<u><u>\$25,468</u></u>	<u><u>\$26,865</u></u>	<u><u>\$7,085</u></u>	<u><u>\$59,418</u></u>

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

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Village Council and Mayor:

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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Jefferson, Ashtabula County, (the Village) and have issued our report thereon dated August 20, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 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'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 20, 2024

Jefferson Village

Patricia A Fisher
Village Clerk Treasurer



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Jefferson, Ohio 44047
Telephone (440) 576-3946
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VILLAGE OF JEFFERSON ASHTABULA COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting	Partially Corrected	Repeated as Management Letter Comment.
2020-002	Ohio Revised Code § 5705.41(D)	Fully Corrected	

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF JEFFERSON

ASHTABULA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/1/2024

65 East State 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