



**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2002-2001



**Auditor of State
Betty Montgomery**

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Jeromesville, Ashland County, Ohio, (the Village) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2003, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 25, 2003

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$7,342		\$6,780		\$14,122
Special Assessments		\$2,576			2,576
Intergovernmental Receipts	45,034	20,103		\$111,962	177,099
Charges for Services	697			9,274	9,971
Fines, Licenses, and Permits	4,676				4,676
Earnings on Investments	2,408	96			2,504
Miscellaneous	2,544				2,544
Total Cash Receipts	62,701	22,775	6,780	121,236	213,492
Cash Disbursements:					
Current:					
Security of Persons and Property	8,092				8,092
Public Health Services	654				654
Leisure Time Activities	8,104				8,104
Community Environment	100				100
Basic Utility Services		2,715			2,715
Transportation		21,116			21,116
General Government	72,556				72,556
Debt Service:					
Principal Payments			5,231		5,231
Interest Payments			1,549		1,549
Capital Outlay				113,490	113,490
Total Cash Disbursements	89,506	23,831	6,780	113,490	233,607
Total Receipts (Under)/Over Disbursements	(26,805)	(1,056)	0	7,746	(20,115)
Other Financing Receipts/(Disbursements):					
Transfers-In				114	114
Transfers-Out	(1,358)				(1,358)
Total Other Financing Receipts/(Disbursements)	(1,358)	0	0	114	(1,244)
Excess of Cash Receipts and Other Financing Receipts (Under)/Over Cash Disbursements and Other Financing Disbursements	(28,163)	(1,056)	0	7,860	(21,359)
Fund Cash Balances, January 1	58,072	27,561	0	17,403	103,036
Fund Cash Balances, December 31	\$29,909	\$26,505	\$0	\$25,263	\$81,677
Reserves for Encumbrances, December 31	\$0	\$200	\$0	\$3,500	\$3,700

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

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$8,025		\$6,780		\$14,805
Special Assessments		\$2,824			2,824
Intergovernmental Receipts	47,350	20,242		\$21,208	88,800
Charges for Services	570			8,995	9,565
Fines, Licenses, and Permits	2,904				2,904
Earnings on Investments	4,515	106			4,621
Miscellaneous	1,364				1,364
	<u>64,728</u>	<u>23,172</u>	<u>6,780</u>	<u>30,203</u>	<u>124,883</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	7,112				7,112
Public Health Services	661				661
Leisure Time Activities	7,130				7,130
Community Environment	116				116
Basic Utility Services		2,642			2,642
Transportation		22,074			22,074
General Government	41,097				41,097
Debt Service:					
Principal Payments			4,964		4,964
Interest Payments			1,816		1,816
Capital Outlay	10,030			21,208	31,238
	<u>66,146</u>	<u>24,716</u>	<u>6,780</u>	<u>21,208</u>	<u>118,850</u>
Total Cash Disbursements	<u>66,146</u>	<u>24,716</u>	<u>6,780</u>	<u>21,208</u>	<u>118,850</u>
Total Receipts (Under)/Over Disbursements	<u>(1,418)</u>	<u>(1,544)</u>	<u>0</u>	<u>8,995</u>	<u>6,033</u>
Other Financing Receipts/(Disbursements):					
Transfers-In				164	164
Transfers-Out	(1,985)				(1,985)
Other Uses	(1,237)				(1,237)
	<u>(3,222)</u>	<u>0</u>	<u>0</u>	<u>164</u>	<u>(3,058)</u>
Total Other Financing Receipts/(Disbursements)	<u>(3,222)</u>	<u>0</u>	<u>0</u>	<u>164</u>	<u>(3,058)</u>
Excess of Cash Receipts and Other Financing Receipts (Under)/Over Cash Disbursements and Other Financing Disbursements	(4,640)	(1,544)	0	9,159	2,975
Fund Cash Balances, January 1	62,712	29,105	0	8,244	100,061
Fund Cash Balances, December 31	<u>\$58,072</u>	<u>\$27,561</u>	<u>\$0</u>	<u>\$17,403</u>	<u>\$103,036</u>
Reserves for Encumbrances, December 31	<u>\$235</u>	<u>\$130</u>	<u>\$0</u>	<u>\$0</u>	<u>\$365</u>

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

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
Operating Cash Receipts:		
Charges for Services	\$72,017	\$69,999
Operating Cash Disbursements:		
Personal Services	31,698	30,443
Contractual Services	17,064	16,205
Supplies and Materials	4,376	6,163
Capital Outlay	30,160	11,130
Total Operating Cash Disbursements	83,298	63,941
Operating Income/(Loss)	(11,281)	6,058
Non-Operating Cash Receipts:		
Interest		1,455
Other Non-Operating Receipts		646
Total Non-Operating Cash Receipts	0	2,101
Non-Operating Cash Disbursements:		
Other Non-Operating Cash Disbursements		1,909
Excess of Receipts (Under)/Over Disbursements Before Interfund Transfers	(11,281)	6,250
Transfers-In	1,244	1,821
Net Receipts (Under)/Over Disbursements	(10,037)	8,071
Fund Cash Balances, January 1	102,692	94,621
Fund Cash Balances, December 31	\$92,655	\$102,692
Reserves for Encumbrances, December 31	\$168	\$0

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

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**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

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

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

4. Capital Projects Funds

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

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

Issue II Fund - This fund is used to account for projects financed in the Village with State Issue II received from the Ohio Public Works Commission (OPWC).

5. Enterprise Fund

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$94,332	\$75,728
Certificates of deposit	80,000	130,000
Total deposits	\$174,332	\$205,728

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,920	\$62,701	(\$4,219)
Special Revenue	22,574	22,775	201
Debt Service	6,780	6,780	0
Capital Projects	164,092	121,350	(42,742)
Enterprise	73,000	73,261	261
Total	\$333,366	\$286,867	(\$46,499)

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$124,757	\$90,864	\$33,893
Special Revenue	50,204	24,031	26,173
Debt Service	6,780	6,780	0
Capital Projects	184,996	116,990	68,006
Enterprise	141,236	83,466	57,770
Total	<u>\$507,973</u>	<u>\$322,131</u>	<u>\$185,842</u>

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,402	\$64,728	(\$6,674)
Special Revenue	23,017	23,172	155
Debt Service	6,780	6,780	0
Capital Projects	24,708	30,367	5,659
Enterprise	74,602	73,921	(681)
Total	<u>\$200,509</u>	<u>\$198,968</u>	<u>(\$1,541)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$134,114	\$69,603	\$64,511
Special Revenue	52,123	24,846	27,277
Debt Service	6,780	6,780	0
Capital Projects	17,244	21,208	(3,964)
Enterprise	169,081	65,850	103,231
Total	<u>\$379,342</u>	<u>\$188,287</u>	<u>\$191,055</u>

4. PROPERTY TAX

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

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

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. PROPERTY TAX (Continued)

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

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

5. DEBT

Debt outstanding at December 31, 2002, was as follows:

	Principal	Interest Rate
General Obligation Notes	\$27,129	3.19%

The General Obligation Note relates to the purchase of Village property. The Note will be repaid in monthly installments of \$490, including interest of 3.19% per year. Final maturity will be December 15, 2007.

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

	General Obligation Notes
Year ending December 31:	
2003	\$5,884
2004	5,884
2005	5,884
2006	5,884
2007	5,884
Total	\$29,420

6. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

**VILLAGE OF JEROMESVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan") an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.



**Auditor of State
Betty Montgomery**

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Jeromesville, Ashland County, Ohio, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 25, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 25, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 25, 2003.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 25, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

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VILLAGE OF JEROMESVILLE

ASHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 10, 2003**