

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 - 2005



Mary Taylor, CPA

Auditor of State

Village Council
Village of Jeromesville
P.O. Box 83
Jeromesville, Ohio 44840

We have reviewed the *Independent Accountants' Report* of the Village of Jeromesville, Ashland County, prepared by Knox & Knox, for the audit period January 1, 2005 through December 31, 2006. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 4, 2008

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VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

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KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

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

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, 2006 and 2005. 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 audit 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, if any, 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 described more fully in Note 1, the Village has prepared its financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village of Jeromesville to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While the Village of Jeromesville does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village of Jeromesville has elected not to reformat its statements. Since the Village of Jeromesville does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Jeromesville's combined funds as of December 31, 2006 and 2005, and their changes in financial position and cash flows.

Also, 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 of Jeromesville, Ashland County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village of Jeromesville to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Village of Jeromesville has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2007, on our consideration of the Village of Jeromesville's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Knox & Knox

Orrville, Ohio
June 18, 2007

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2006 AND 2005

Cash and Cash Equivalents	<u>2006</u>	<u>2005</u>
Cash and Cash Equivalents	<u>\$168,104</u>	<u>\$151,996</u>
Total Cash and Cash Equivalents	<u><u>\$168,104</u></u>	<u><u>\$151,996</u></u>
Cash Fund Balances		
Governmental Fund Types:		
General Fund	\$42,785	\$35,130
Special Revenue Funds	35,943	27,763
Capital Projects Fund	<u>54,137</u>	<u>49,695</u>
Total Governmental Fund Types	<u>132,865</u>	<u>112,588</u>
Proprietary Fund Type:		
Enterprise Fund	<u>35,239</u>	<u>39,408</u>
Total Proprietary Fund Type	<u>35,239</u>	<u>39,408</u>
Total Cash Fund Balances	<u><u>\$168,104</u></u>	<u><u>\$151,996</u></u>

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, 2006

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$18,767		\$5,884		\$24,651
Special Assessments		\$2,466			2,466
Intergovernmental Receipts	46,277	27,257		\$4,285	77,819
Charges for Services	1,180	2,950		31,449	35,579
Fines, Licenses, and Permits	99				99
Interest	2,667	147			2,814
Miscellaneous	10,697				10,697
Total Cash Receipts	79,687	32,820	5,884	35,734	154,125
Cash Disbursements:					
Security of Persons and Property	2,970				2,970
Public Health Services	652				652
Leisure Time Activities	6,909				6,909
Community Environment	100				100
Basic Utility Services		3,983			3,983
Transportation	3,455	20,657			24,112
General Government	42,608				42,608
Debt Service					
Principal Payments			5,620		5,620
Interest Payments			264		264
Capital Outlay	802			31,292	32,094
Total Cash Disbursements	57,496	24,640	5,884	31,292	119,312
Total Receipts Over/(Under) Disbursements	22,191	8,180		4,442	34,813
Other Financing Receipts and (Disbursements)					
Other (Uses) Sources	(14,536)				(14,536)
Total Other Financing Receipts (Disbursements)	(14,536)				(14,536)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,655	8,180		4,442	20,277
Fund Cash Balances, January 1	35,130	27,763		49,695	112,588
Fund Cash Balances, December 31	<u>\$42,785</u>	<u>\$35,943</u>		<u>\$54,137</u>	<u>\$132,865</u>
Reserve for Encumbrances, December 31	<u>\$500</u>	<u>\$314</u>			<u>\$814</u>

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, 2005

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$19,021		\$5,884		\$24,905
Special Assessments		\$24,610			24,610
Intergovernmental Receipts	48,091	2,637		\$8,318	59,046
Charges for Services	1,235			19,062	20,297
Fines, Licenses, and Permits	851				851
Interest	2,215	330			2,545
Miscellaneous	11,709				11,709
Total Cash Receipts	83,122	27,577	5,884	27,380	143,963
Cash Disbursements:					
Security of Persons and Property	2,970				2,970
Public Health Services	651				651
Leisure Time Activities	7,494				7,494
Community Environment	100				100
Basic Utility Services		2,894			2,894
Transportation	3,335	17,802			21,137
General Government	43,378				43,378
Debt Service					
Principal Payments			5,444		5,444
Interest Payments			440		440
Capital Outlay	8,550			21,099	29,649
Total Cash Disbursements	66,478	20,696	5,884	21,099	114,157
Total Receipts Over/(Under) Disbursements	16,644	6,881		6,281	29,806
Other Financing Receipts and (Disbursements)					
Other (Uses) Sources	(7,341)				(7,341)
Total Other Financing Receipts (Disbursements)	(7,341)				(7,341)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,303	6,881		6,281	22,465
Fund Cash Balances, January 1	25,827	20,882		43,414	90,123
Fund Cash Balances, December 31	\$35,130	\$27,763		\$49,695	\$112,588
Reserve for Encumbrances, December 31		\$900			\$900

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 - ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Operating Cash Receipts:		
Charges for Services	<u>\$75,966</u>	<u>\$74,835</u>
Operating Cash Disbursements		
Personal Services	38,184	35,875
Contractual Services	17,985	13,229
Supplies and Materials	11,702	5,699
Capital Outlay	<u>5,030</u>	<u>2,330</u>
Total Operating Cash Disbursements	<u>72,901</u>	<u>57,133</u>
Operating Income/(Loss)	<u>3,065</u>	<u>17,702</u>
Non-Operating Cash Disbursements:		
Other Non-Operating Cash Disbursements		2,963
Debt Service	<u>7,234</u>	<u>7,234</u>
Total Non-Operating Cash Disbursements	<u>7,234</u>	<u>10,197</u>
Net Receipts Over/(Under) Disbursements	(4,169)	7,505
Fund Cash Balances, January 1	<u>39,408</u>	<u>31,903</u>
Fund Cash Balances, December 31	<u><u>\$35,239</u></u>	<u><u>\$39,408</u></u>
Reserve for Encumbrances, December 31	<u><u>\$533</u></u>	<u><u>\$171</u></u>

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

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

All cash is held in interest-bearing demand deposits.

D. 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 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, maintenance and repairing Village streets.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (continued)

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

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 Project 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 Funds

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant 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, and appropriations may not exceed estimated resources. The Council must annually approve

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (continued)

1. Appropriations (continued)

appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

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 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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

	<u>2006</u>	<u>2005</u>
Demand deposits	<u>\$ 168,104</u>	<u>\$ 151,996</u>
Total deposits	<u>\$ 168,104</u>	<u>\$ 151,996</u>

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

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

Fund Type	2006 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$74,610	\$79,687	\$5,077
Special Revenue	26,309	32,820	6,511
Debt Service	5,884	5,884	
Capital Projects	3,950,000	35,734	(3,914,266)
Enterprise	73,296	75,966	2,670
Total	\$4,130,099	\$230,091	(\$3,900,008)

Fund Type	2006 Budgeted vs. Actual Budgetary Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$107,739	\$72,532	\$35,207
Special Revenue	54,071	24,954	29,117
Debt Service	5,884	5,884	
Capital Projects	3,999,695	31,292	3,968,403
Enterprise	112,704	80,668	32,036
Total	\$4,280,093	\$215,330	\$4,064,763

Fund Type	2005 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$74,800	\$83,122	\$8,322
Special Revenue	25,364	27,577	2,213
Debt Service	5,884	5,884	
Capital Projects	1,900,000	27,380	(1,872,620)
Enterprise	74,522	74,835	313
Total	\$2,080,570	\$218,798	(\$1,861,772)

Fund Type	2005 Budgeted vs. Actual Budgetary Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,209	\$73,819	\$26,390
Special Revenue	46,244	21,596	24,648
Debt Service	5,884	5,884	
Capital Projects	1,943,413	21,099	1,922,314
Enterprise	106,425	67,501	38,924
Total	\$2,202,175	\$189,899	\$2,012,276

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005

3. **BUDGETARY ACTIVITY** (continued)

Contrary to Ohio law, appropriations exceeded estimated resources in the Special Revenue Fund Type in 2006.

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 for first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owner, 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, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note (A)	\$ 5,697	3.19%
General Obligation Note (B)	\$ 65,214	4.75%
Ohio Water Development Authority	\$196,303	5.51%

The General Obligation Note (A) relates to the purchase of Village property. The Note will be repaid in monthly installments, including interest of 3.19% per annum. Final maturity will be December 15, 2007.

The General Obligation Note (B) is for a municipal water project. The note will be amortized over 15 years in monthly installments of \$603, including interest of 4.75% per annum. Maturity for all unpaid principal and interest is October 1, 2018.

The Ohio Water Development Authority Note is for the design of a Wastewater Treatment System. All principal and interest are due on January 1, 2009. Interest is 5.51% per annum.

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

	<u>General Obligation Note (A)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31:			
2007	<u>\$ 5,697</u>	<u>\$ 187</u>	<u>\$ 5,884</u>
	<u>\$ 5,697</u>	<u>\$ 187</u>	<u>\$ 5,884</u>

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005

5. DEBT (continued)

Year ending December 31:	General Obligation Note (B)		
	Principal	Interest	Total
2007	\$ 4,224	\$ 3,012	\$ 7,236
2008	4,427	2,809	7,236
2009	4,623	2,613	7,236
2010	4,842	2,394	7,236
2011	5,054	2,182	7,236
2012-2016	29,408	6,772	36,180
2017-2018	<u>12,636</u>	<u>630</u>	<u>13,266</u>
	<u>\$65,214</u>	<u>\$20,412</u>	<u>\$85,626</u>
Year ending December 31:	Ohio Water Development Authority		
	Principal	Interest	Total
2007			
2008			
2009	<u>\$196,303</u>	<u>\$60,379</u>	<u>\$256,682</u>
	<u>\$196,303</u>	<u>\$60,379</u>	<u>\$256,682</u>

6. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement 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 2006 and 2005, members contributed 9.0% and 8.5% of their gross salaries, respectively. The Village contributed an amount equal to 13.7% (2006) and 13.55% (2005) of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

7. RISK MANAGEMENT

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, 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 plan 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.

KNOX & KNOX

Accountants and Consultants

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

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

We have audited the accompanying financial statements of the Village of Jeromesville as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 18, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village of Jeromesville'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 an opinion 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 reportable 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 caused by error or fraud 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 internal control over financial reporting that we have reported to the management of the Village of Jeromesville in a separate letter dated June 18, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Jeromesville's financial statements are free of 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 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*.

Village of Jeromesville
Ashland County
Independent Accountants' Report on
Compliance and on Internal Control
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This report is intended for the information and use of the audit committee, management, and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Knox & Knox

Orrville, Ohio
June 18, 2007

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <i>Explain:</i>
2004-001	Ohio Rev. Code 5705.41 (B) - expenditures exceeded appropriations	Yes	



Mary Taylor, CPA
Auditor of State

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
JANUARY 17, 2008**