

Village of Jeromesville
Ashland County

Regular Audit

For the Years Ended December 31, 2004 - 2003



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Accountants' Report* of the Village of Jeromesville, Ashland County, prepared by Knox & Knox, CPAs, for the audit period January 1, 2003 to December 31, 2004. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 20, 2005

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Village of Jeromesville
Ashland County

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Independent Accountants' Report

Village of Jeromesville
Ashland County
PO Box 83
Jeromesville, OH 44840

We have audited the accompanying financial statements of the Village of Jeromesville, Ashland County, Ohio , as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village of Jeromesville'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 of Jeromesville 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. 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.

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, Ashland County combined funds as of December 31, 2004 and 2003, and their changes in financial position.

Village of Jeromesville
Ashland County
Report of Independent Accountants
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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, 2004 and 2003, 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 July 22, 2005, 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
July 22, 2005

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, 2004

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 7,959		\$ 5,884		\$ 13,843
Special Assessments		\$ 2,509			2,509
Intergovernmental Receipts	44,763	23,737		\$141,486	209,986
Charges for Services	510			8,890	9,400
Fines, Licenses, and Permits	50				50
Earnings on Investments	781	33			814
Miscellaneous	<u>262</u>				<u>262</u>
Total Cash Receipts	<u>54,325</u>	<u>26,279</u>	<u>5,884</u>	<u>150,376</u>	<u>236,864</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	1,338				1,338
Public Health Services	661				661
Leisure Time Activities	8,725				8,725
Community Environment	100				100
Basic Utility Services		9,305			9,305
Transportation		21,716			21,716
General Government	39,993				39,993
Debt Service:					
Principal Payments			5,273		5,273
Interest Payments			611		611
Capital Outlay				125,576	125,576
Total Cash Disbursements	<u>50,817</u>	<u>31,021</u>	<u>5,884</u>	<u>125,576</u>	<u>213,298</u>
Total Receipts Over/ (Under) Disbursements	<u>3,508</u>	<u>< 4,742 ></u>		<u>24,800</u>	<u>23,566</u>
Other Financing Receipts and (Disbursements):					
Transfers-In				59	59
Transfers-Out	< 598 >				< 598 >
Other <Uses> Sources	<u><4,274 ></u>				<u>< 4,274 ></u>
Total Other Financing Receipts/(Disbursements)	<u><4,872 ></u>			<u>59</u>	<u><4,813 ></u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>< 1,364 ></u>	<u>< 4,742 ></u>	<u>-0-</u>	<u>24,859</u>	<u>18,753</u>
Fund Cash Balances, January 1	<u>27,191</u>	<u>25,624</u>	<u>-0-</u>	<u>18,555</u>	<u>71,370</u>
Fund Cash Balances, December 31	<u>\$ 25,827</u>	<u>\$20,882</u>	<u>\$</u>	<u>\$43,414</u>	<u>\$90,123</u>
Reserves for Encumbrances, December 31	<u>\$</u>	<u>\$ 529</u>	<u>\$</u>	<u>\$44,039</u>	<u>\$44,568</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, 2003

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 9,261		\$ 5,884		\$ 15,145
Special Assessments		\$ 2,734			2,734
Intergovernmental Receipts	44,881	20,719		\$ 54,817	120,417
Charges for Services	760			8,973	9,733
Fines, Licenses, and Permits	291				291
Earnings on Investments	1,096	50			1,146
Miscellaneous	<u>1,336</u>				<u>1,336</u>
Total Cash Receipts	<u>57,625</u>	<u>23,503</u>	<u>5,884</u>	<u>63,790</u>	<u>150,802</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	3,642				3,642
Public Health Services	662				662
Leisure Time Activities	6,709				6,709
Community Environment	100				100
Basic Utility Services		2,678			2,678
Transportation		21,706			21,706
General Government	46,014				46,014
Debt Service:					
Principal Payments			5,095		5,095
Interest Payments			789		789
Capital Outlay	<u>600</u>			<u>103,825</u>	<u>104,425</u>
Total Cash Disbursements	<u>57,727</u>	<u>24,384</u>	<u>5,884</u>	<u>103,825</u>	<u>191,820</u>
Total Receipts Over/ (Under)					
Disbursements	<u>< 102 ></u>	<u>< 881 ></u>		<u>< 40,035 ></u>	<u>< 41,018 ></u>
Other Financing Receipts and (Disbursements):					
Transfers-In				102	102
Transfers-Out	<u>< 717 ></u>				<u>< 717 ></u>
Other <Uses> Sources	<u>< 1,899 ></u>			<u>33,225</u>	<u>31,326</u>
Total Other Financing Receipts/(Disburse- ments)	<u>< 2,616 ></u>			<u>33,327</u>	<u>30,711</u>
Excess of Cash Receipts and Other Financing Receipts Over/ (Under) Cash Disbursements and Other Financing Disbursements	<u>< 2,718 ></u>	<u>< 881 ></u>		<u>< 6,708 ></u>	<u>< 10,307 ></u>
Fund Cash Balances, January 1	<u>29,909</u>	<u>26,505</u>		<u>25,263</u>	<u>81,677</u>
Fund Cash Balances, December 31	<u>\$ 27,191</u>	<u>\$ 25,624</u>	<u>\$</u>	<u>\$ 18,555</u>	<u>\$ 71,370</u>
Reserves for Encumbrances, December 31,	<u>\$</u>	<u>\$ 272</u>	<u>\$</u>	<u>\$</u>	<u>\$ 272</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 - ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Operating Cash Receipts:		
Charges for Services	<u>\$ 75,300</u>	<u>\$ 72,727</u>
Operating Cash Disbursements:		
Personal Services	37,750	34,732
Contractual Services	17,707	19,972
Supplies and Materials	6,158	7,996
Capital Outlay	<u>27,438</u>	<u>127,238</u>
Total Operating Cash Disbursements	<u>89,053</u>	<u>189,938</u>
Operating Income/(Loss)	<u><13,753></u>	<u><117,211></u>
Non-Operating Cash Receipts:		
Other Non-Operating Receipts	<u> </u>	<u>77,500</u>
Total Non-Operating Cash Receipts	<u> </u>	<u>77,500</u>
Non-Operating Cash Disbursements:		
Other Non-Operating Cash Disbursements	<u>7,236</u>	<u>1,206</u>
Excess of Receipts (Under)/Over Disbursements Before Interfund Transfers	<u><20,989></u>	<u><40,917></u>
Transfers-In	<u>539</u>	<u>615</u>
Net Receipts (Under)/Over Disbursements	< 20,450>	< 40,302>
Fund Cash Balances, January 1	<u>52,353</u>	<u>92,655</u>
Fund Cash Balances, December 31	<u>\$ 31,903</u>	<u>\$ 52,353</u>
Reserves for Encumbrances, December 31	<u>\$ 343</u>	<u>\$</u>

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, 2004 and 2003

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

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

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.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

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 had the following significant Special Revenue Funds:

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for construction, maintenance 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.

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).

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)
Enterprise Funds

5. 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 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 2004 and 2003 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.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

1. Summary of Significant Accounting Policies (continued)

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 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:

	2004	2003
Demand deposits	\$122,026	\$ 68,723
Certificates of deposit		55,000
Total deposits	\$ 122,026	\$123,723

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, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 62,445	\$ 54,325	< \$8,120>
Special Revenue	21,898	26,279	4,381
Debt Service	5,884	5,884	-0-
Capital Projects	2,259,000	150,435	<2,108,565>
Enterprise	265,554	75,839	<189,715>
Total	\$2,614,781	\$ 312,762	<\$2,302,019>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 89,636	\$ 55,689	\$ 33,947
Special Revenue	47,522	31,550	15,972
Debt Service	5,884	5,884	-0-
Capital Projects	2,277,555	169,615	2,107,940
Enterprise	317,903	96,632	221,271
Total	\$2,738,500	\$ 359,370	\$2,379,130

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

3. Budgetary Activity(continued)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 67,335	\$ 57,625	< \$9,710>
Special Revenue	23,953	23,503	< 450>
Debt Service	6,780	5,884	< 896>
Capital Projects	42,225	97,117	54,892
Enterprise	<u>149,360</u>	<u>150,842</u>	<u>1,482</u>
Total	<u>\$ 289,653</u>	<u>\$ 334,971</u>	<u>45,318</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 97,244	\$ 60,343	\$ 36,901
Special Revenue	50,457	24,656	25,801
Debt Service	5,884	5,884	-0-
Capital Projects	67,487	103,825	< 36,338>
Enterprise	<u>242,012</u>	<u>191,144</u>	<u>50,868</u>
Total	<u>\$ 463,084</u>	<u>\$ 385,852</u>	<u>\$ 77,232</u>

Contrary to Ohio Law, expenditures exceeded appropriations in the Capital Projects Fund, in 2003.

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.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

5. Debt

Debt outstanding at December 31, 2004, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note (A)	\$ 16,761	3.19%
General Obligation Note (B)	\$ 73,076	4.75%
Ohio Water Development Authority	\$ 196,303	5.5%

The General Obligation Note (A) 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.

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 is 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>General Obligation Note (B)</u>	<u>OWDA</u>
Year ending December 31:			
2005	\$ 5,884	\$7,236	
2006	5,884	7,236	
2007	5,884	7,236	
2008		7,236	
2009		7,236	
Thereafter		63,918	256,682
Total	<u>\$17,652</u>	<u>\$100,098</u>	<u>\$ 256,682</u>

6. Retirement Systems

The Village's full-time 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 2004 and 2003, members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Village has paid all contributions required through December 31, 2004.

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

7. Risk Management

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool (the "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 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.

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

Village of Jeromesville
Ashland County
PO Box 83
Jeromesville, OH 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, 2004 and December 31, 2002, and have issued our report thereon dated July 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United State 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 would 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2004 - 001.

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 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 we have reported to management of the Village, in a separate letter dated July 22, 2005.

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

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

KNOX & KNOX

Orrville, Ohio
July 22, 2005

VILLAGE OF JEROMESVILLE
ASHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Revised Code Section 5705.41 (B) requires that no subdivision or taxing unit is to expend money unless it has properly appropriated.

The Village expenditures exceeded appropriations in the Capital Projects Fund in 2003.

To ensure that all spending is lawful, the Village should periodically compare budgetary expenditures to appropriations.



**Auditor of State
Betty Montgomery**

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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
OCTOBER 4, 2005**