

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Jefferson  
27 East Jefferson St.  
Jefferson, Ohio 44047

We have reviewed the *Independent Auditor's Report* of the Village of Jefferson, Ashtabula County, prepared by James G. Zupka, CPA, Inc., 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 Auditor's 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 Auditor's 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 Jefferson is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

August 5, 2008

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**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT**

To the Members of the Village Council  
Village of Jefferson  
Ashtabula County, Ohio

The Honorable Mary Taylor  
Auditor of State  
State of Ohio

We have audited the accompanying financial statements of the Village of Jefferson, Ashtabula 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 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 these 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 GAAP, we presume they are material.

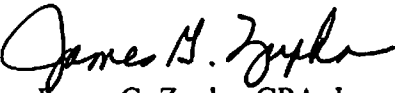
Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also to present its larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 two paragraphs, the financial statements referred to above the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

March 5, 2008

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, 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	Expendable Trust	
<b>Receipts</b>						
Property and Local Taxes	\$ 657,953	\$ 1,166,786	\$ 0	\$ 44,045	\$ 0	\$ 1,868,784
Intergovernmental Revenues	91,510	10,798	0	19,782	0	122,090
Special Assessments	0	194,752	173,617	0	0	368,369
Charges for Services	104	250,473	0	0	0	250,577
Fines, Licenses, and Permits	25,169	425	0	0	0	25,594
Earnings on Investments	22,028	674	0	0	0	22,702
Miscellaneous	4,303	36,093	0	0	0	40,396
<b>Total Receipts</b>	<u>801,067</u>	<u>1,660,001</u>	<u>173,617</u>	<u>63,827</u>	<u>0</u>	<u>2,698,512</u>
<b>Disbursements</b>						
Security of Persons and Property	30,689	585,984	0	0	0	616,673
Leisure Time Activities	0	223,630	0	0	0	223,630
Community Environment	0	22,364	0	0	0	22,364
Basic Utility Services	0	109,273	0	0	0	109,273
Transportation	139,235	536,645	185,418	53,253	0	914,551
General Government	425,019	6,435	0	81	0	431,535
Debt Service:						
Principal Retirement	0	0	233,428	0	0	233,428
Interest and Fiscal Charges	0	0	114,497	0	0	114,497
<b>Total Disbursements</b>	<u>594,943</u>	<u>1,484,331</u>	<u>533,343</u>	<u>53,334</u>	<u>0</u>	<u>2,665,951</u>
<b>Total Receipts Over (Under) Disbursements</b>	<u>206,124</u>	<u>175,670</u>	<u>(359,726)</u>	<u>10,493</u>	<u>0</u>	<u>32,561</u>
<b>Other Financing Receipts (Disbursements)</b>						
Transfers - In	0	83,548	382,267	84,394	0	550,209
Transfers - Out	(116,500)	(263,604)	(3,838)	(2,000)	0	(385,942)
<b>Total Other Financing Receipts (Disbursements)</b>	<u>(116,500)</u>	<u>(180,056)</u>	<u>378,429</u>	<u>82,394</u>	<u>0</u>	<u>164,267</u>
Excess of Receipts and Other Financing Receipts Over (Under) Disbursements and Other Financing Disbursements	89,624	(4,386)	18,703	92,887	0	196,828
Beginning Fund Cash Balance	181,145	614,004	41,329	8,089	8	844,575
<b>Ending Fund Cash Balance</b>	<u>\$ 270,769</u>	<u>\$ 609,618</u>	<u>\$ 60,032</u>	<u>\$ 100,976</u>	<u>\$ 8</u>	<u>\$ 1,041,403</u>
Reserves for Encumbrances, December 31	<u>\$ 44,338</u>	<u>\$ 70,748</u>	<u>\$ 32,792</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 147,878</u>

The accompanying notes are an integral part of these financial statements.



**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - PROPRIETARY FUND TYPES AND  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Proprietary <u>Fund Type</u> Enterprise	Fiduciary <u>Fund Type</u> Agency	Total (Memorandum Only)
<b><u>Operating Revenues</u></b>			
Charges for Services	\$ 674,195	\$ 0	\$ 674,195
Miscellaneous	1,426	0	1,426
<b>Total Operating Revenues</b>	<u>675,621</u>	<u>0</u>	<u>675,621</u>
<b><u>Operating Expenses</u></b>			
Personal Services	215,575	0	215,575
Travel Transportation	5,189	0	5,189
Contractual Services	189,861	0	189,861
Basic Utility Services	97,488	0	97,488
Miscellaneous	7,456	0	7,456
Supplies and Materials	29,679	0	29,679
Capital Outlay	89,320	0	89,320
<b>Total Operating Expenses</b>	<u>634,568</u>	<u>0</u>	<u>634,568</u>
<b>Total Operating Income</b>	<u>41,053</u>	<u>0</u>	<u>41,053</u>
<b><u>Non-Operating Revenues</u></b>			
Property Tax and Other Local Taxes	23,000	0	23,000
Other Non-Operating Revenues	5,100	13,693	18,793
<b>Total Non-Operating Revenues</b>	<u>28,100</u>	<u>13,693</u>	<u>41,793</u>
<b><u>Non-Operating Expenses</u></b>			
Other Non-Operating Expenses	0	7,535	7,535
<b>Total Non-Operating Expenses</b>	<u>0</u>	<u>7,535</u>	<u>7,535</u>
Excess of Revenues Over Expenses before Transfers	<u>69,153</u>	<u>6,158</u>	<u>75,311</u>
Transfers In	14,637	0	14,637
Transfers Out	<u>(178,904)</u>	<u>0</u>	<u>(178,904)</u>
Net Revenues Over (Under) Expenses	(95,114)	6,158	(88,956)
Beginning Fund Cash Balance	<u>222,955</u>	<u>6,036</u>	<u>228,991</u>
<b>Ending Fund Cash Balance</b>	<u>\$ 127,841</u>	<u>\$ 12,194</u>	<u>\$ 140,035</u>
Reserve for Encumbrances, December 31	<u>\$ 27,793</u>	<u>\$ 5,520</u>	<u>\$ 33,313</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<b><u>Fund Types/Funds</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b>Variance Favorable (Unfavorable)</b>
Governmental:			
General Fund	\$ 741,300	\$ 801,066	\$ 59,766
Special Revenue Funds	1,659,989	1,743,549	83,560
Debt Service Funds	952,064	555,884	(396,180)
Capital Projects Funds	31,800	148,221	116,421
Proprietary:			
Enterprise Funds	766,465	718,357	(48,108)
Fiduciary:			
Expendable Trust and Agency Funds	<u>34,100</u>	<u>13,693</u>	<u>(20,407)</u>
<b>Total (Memorandum Only)</b>	<b><u>\$ 4,185,718</u></b>	<b><u>\$ 3,980,770</u></b>	<b><u>\$ (204,948)</u></b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES  
COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>Fund Types/Funds</b>	Prior Year Carryover Encumbrances	Appropriations	Total	Actual 2006 Disbursements	Encumbrances Outstanding at 12/31/06	Total	Variance Favorable (Unfavorable)
Governmental:							
General Fund	\$ 19,523	\$ 838,990	\$ 858,513	\$ 711,443	\$ 44,338	\$ 755,781	\$ 102,732
Special Revenue Funds	73,956	2,068,368	2,142,324	1,747,935	70,748	1,818,683	323,641
Debt Service Funds	5,950	565,778	571,728	537,181	0	537,181	34,547
Capital Projects Funds	0	203,953	203,953	55,334	32,792	88,126	115,827
Proprietary:							
Enterprise Funds	2,272	864,840	867,112	813,472	27,793	841,265	25,847
Fiduciary Funds:							
Expendable Trust and Agency Funds	0	27,400	27,400	7,535	5,520	13,055	14,345
<b>Total (Memorandum Only)</b>	<u>\$ 101,701</u>	<u>\$ 4,569,329</u>	<u>\$ 4,671,030</u>	<u>\$ 3,872,900</u>	<u>\$ 181,191</u>	<u>\$ 4,054,091</u>	<u>\$ 616,939</u>

The accompanying notes are in integral part of these financial statements.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, 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	Expendable Trust	
<b>Receipts</b>						
Property and Local Taxes	\$ 725,702	\$ 852,376	\$ 0	\$ 1,893	\$ 0	\$ 1,579,971
Intergovernmental Revenues	161,302	165,550	0	21,500	0	348,352
Special Assessments	0	27,308	64,931	0	0	92,239
Charges for Services	808	197,411	0	0	0	198,219
Fines, Licenses, and Permits	21,843	333	0	0	0	22,176
Earnings on Investments	11,915	2,478	0	0	0	14,393
Miscellaneous	53,700	104,029	0	648	1,563	159,940
<b>Total Receipts</b>	<u>975,270</u>	<u>1,349,485</u>	<u>64,931</u>	<u>24,041</u>	<u>1,563</u>	<u>2,415,290</u>
<b>Disbursements</b>						
Security of Persons and Property	382,991	132,072	0	0	0	515,063
Leisure Time Activities	0	254,219	0	0	1,555	255,774
Community Environment	0	12,125	0	0	0	12,125
Basic Utility Services	0	35,725	0	0	0	35,725
Transportation	39,446	514,264	7,286	42,473	0	603,469
General Government	352,662	9,700	111,372	75	0	473,809
Debt Service:						
Principal Retirement	0	0	173,938	0	0	173,938
Interest and Fiscal Charges	0	0	122,262	0	0	122,262
<b>Total Disbursements</b>	<u>775,099</u>	<u>958,105</u>	<u>414,858</u>	<u>42,548</u>	<u>1,555</u>	<u>2,192,165</u>
<b>Total Receipts Over (Under) Disbursements</b>	<u>200,171</u>	<u>391,380</u>	<u>(349,927)</u>	<u>(18,507)</u>	<u>8</u>	<u>223,125</u>
<b>Other Financing Receipts (Disbursements)</b>						
Transfers - In	0	212,150	342,778	106,052	0	660,980
Transfers - Out	(130,782)	(268,464)	0	(96,582)	0	(495,828)
<b>Total Other Financing Receipts (Disbursements)</b>	<u>(130,782)</u>	<u>(56,314)</u>	<u>342,778</u>	<u>9,470</u>	<u>0</u>	<u>165,152</u>
Excess of Receipts and Other Financing Receipts Over (Under) Disbursements and Other Financing Disbursements	69,389	335,066	(7,149)	(9,037)	8	388,277
Beginning Fund Cash Balance	111,756	278,938	48,478	17,126	0	456,298
<b>Ending Fund Cash Balance</b>	<u>\$ 181,145</u>	<u>\$ 614,004</u>	<u>\$ 41,329</u>	<u>\$ 8,089</u>	<u>\$ 8</u>	<u>\$ 844,575</u>
Reserves for Encumbrances, December 31	<u>\$ 19,523</u>	<u>\$ 73,956</u>	<u>\$ 5,950</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 99,429</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - PROPRIETARY FUND TYPES AND  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Proprietary Fund Type</u> <u>Enterprise</u>	<u>Fiduciary Fund Type</u> <u>Agency</u>	<u>Total (Memorandum Only)</u>
<b><u>Operating Revenues</u></b>			
Charges for Services	\$ 732,590	\$ 0	\$ 732,590
Miscellaneous	7,878	0	7,878
<b>Total Operating Revenues</b>	<u>740,468</u>	<u>0</u>	<u>740,468</u>
<b><u>Operating Expenses</u></b>			
Personal Services	218,401	4,928	223,329
Travel Transportation	307	0	307
Contractual Services	120,178	0	120,178
Supplies and Materials	201,174	0	201,174
Capital Outlay	8,440	0	8,440
<b>Total Operating Expenses</b>	<u>548,500</u>	<u>4,928</u>	<u>553,428</u>
<b>Total Operating Income (Loss)</b>	<u>191,968</u>	<u>(4,928)</u>	<u>187,040</u>
<b><u>Non-Operating Revenues</u></b>			
Property Tax and Other Local Taxes	25,703	0	25,703
Other Non-Operating Revenues	3,760	9,722	13,482
<b>Total Non-Operating Revenues</b>	<u>29,463</u>	<u>9,722</u>	<u>39,185</u>
<b><u>Non-Operating Expenses</u></b>			
Other Non-Operating Expenses	2,994	9,109	12,103
<b>Total Non-Operating Expenses</b>	<u>2,994</u>	<u>9,109</u>	<u>12,103</u>
Excess of Revenues Over (Under) Expenses before Transfers	<u>218,437</u>	<u>(4,315)</u>	<u>214,122</u>
Transfers In	50,122	0	50,122
Transfers Out	<u>(215,274)</u>	<u>0</u>	<u>(215,274)</u>
Net Revenues Over (Under) Expenses	53,285	(4,315)	48,970
Beginning Fund Cash Balance	<u>169,670</u>	<u>10,351</u>	<u>180,021</u>
<b>Ending Fund Cash Balance</b>	<u>\$ 222,955</u>	<u>\$ 6,036</u>	<u>\$ 228,991</u>
Reserve for Encumbrances, December 31	<u>\$ 2,272</u>	<u>\$ 0</u>	<u>\$ 2,272</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b><u>Fund Types/Funds</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b>Variance Favorable (Unfavorable)</b>
Governmental:			
General Fund	\$ 913,547	\$ 975,271	\$ 61,724
Special Revenue Funds	1,241,088	1,561,634	320,546
Debt Service Funds	570,856	407,709	(163,147)
Capital Projects Funds	290,429	130,093	(160,336)
Proprietary:			
Enterprise Funds	826,272	820,053	(6,219)
Fiduciary:			
Expendable Trust and Agency Funds	<u>17,000</u>	<u>11,285</u>	<u>(5,715)</u>
<b>Total (Memorandum Only)</b>	<b><u>\$ 3,859,192</u></b>	<b><u>\$ 3,906,045</u></b>	<b><u>\$ 46,853</u></b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES  
COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Fund Types/Funds</b>	Prior Year Carryover Encumbrances	Appropriations	Total	Actual 2005 Disbursements	Encumbrances Outstanding at 12/31/05	Total	Variance Favorable (Unfavorable)
Governmental:							
General Fund	\$ 15,801	\$ 951,858	\$ 967,659	\$ 905,881	\$ 19,523	\$ 925,404	\$ 42,255
Special Revenue Funds	41,401	1,521,459	1,562,860	1,226,569	73,956	1,300,525	262,335
Debt Service Funds	18,834	603,391	622,225	414,858	5,950	420,808	201,417
Capital Projects Funds	780	187,714	188,494	139,130	0	139,130	49,364
Proprietary:							
Enterprise Funds	19,563	778,877	798,440	766,768	2,272	769,040	29,400
Fiduciary Funds:							
Expendable Trust and Agency Funds	0	23,337	23,337	15,592	0	15,592	7,745
<b>Total (Memorandum Only)</b>	<u>\$ 96,379</u>	<u>\$ 4,066,636</u>	<u>\$ 4,163,015</u>	<u>\$ 3,468,798</u>	<u>\$ 101,701</u>	<u>\$ 3,570,499</u>	<u>\$ 592,516</u>

The accompanying notes are in integral part of these financial statements.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Jefferson, Ashtabula County, Ohio (the Village), is a body politic and corporate 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term. The Village provides refuse (contracted) and sewer utilities, income tax in house, park operations and police. The Village operates a volunteer fire department operated by income tax money and contracts.

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 and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit, repurchase agreements, and U. S. government securities are valued at cost. STAR Ohio is recorded at share values reported by the mutual fund.

**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:



**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Fund Accounting** (Continued)

*Governmental Funds*

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

*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 constructing, maintaining and repairing Village streets.

*Recreation Fund* - This fund receives fees and general fund transfers to fund the Village's Community Center.

*Safety Services Fund* - This fund receives income tax receipts to fund police and fire services of the Village.

*Special Revenue Capital Improvement* - This fund receives Real Estate and Local Income Tax used for capital improvements of Village assets.

*Debt Service Funds* - These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

*Recreation Facilities Note* - This fund receives General Fund transfers to pay for the debt incurred to build the Village's Community Center.

*OWDA Fund* - This fund receives enterprise fund transfers to pay for an Ohio Water Development Authority used to finance a utility plant expansion.

*Elm Street OPWC Grant Fund* - This fund receives sewer fees to pay for OWPC loan which was used to finance the Elm Street lift station upgrade.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Fund Accounting** (Continued)

*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 had the following significant capital projects fund:

*Traffic Control Grant Fund* - This fund receives street lighting special assessment levy funds and capital improvement funds for traffic and road improvement project funds of the Village.

*Issue II Sewer Improvement* - This Fund receives Issue II monies used to pay for improvements to the sewer plant.

*Enterprise Funds* - These funds account 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 funds:

*Sanitation Fund* - This fund receives charges for services from residents to cover the cost of providing garbage pickup.

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

*Fiduciary Funds* (Trust and Agency Funds) - Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*The Billy Joe Cole Trust* - An expendable trust fund used to buy equipment for the Village's Park.

*Unclaimed Monies Fund* - This is an agency fund that is used for holding various monies that go unclaimed in the Village.

*Bid Performance Bond Fund* - This is an Agency Fund that is used for those funds held by the Village and received from a contractor, or individual to ensure compliance with the Ordinances of the Village.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**E. Budgetary Process**

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, 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.

**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**

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.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

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**NOTE 2: EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2006 and 2005 was as follows:

	<u>2006</u>	<u>2005</u>
Demand Deposits	\$ 296,902	\$ 566,145
Certificates of Deposit	<u>168,825</u>	<u>161,069</u>
Total Deposits	<u>465,727</u>	<u>727,214</u>
Investments:		
STAR Ohio	238,303	226,976
Repurchase Agreement	358,032	0
U.S. Government Securities	<u>119,376</u>	<u>119,376</u>
Total Investments	<u>715,711</u>	<u>346,352</u>
Total Deposits and Investments	<u>\$1,181,438</u>	<u>\$1,073,566</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

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

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

**NOTE 3: TRANSFERS**

The following is a summary of transfers in and out for 2006 and 2005:

	2006		2005	
	Transfers	Transfers	Transfers	Transfers
	In	Out	In	Out
<b><u>Transfers by Fund Type</u></b>				
General Fund	\$ 0	\$ 116,500	\$ 0	\$ 130,782
Special Revenue	83,548	263,604	212,150	268,464
Debt Service	382,267	3,838	342,778	0
Capital Projects	84,394	2,000	106,052	96,582
Enterprise	14,637	178,904	50,122	215,274
Totals	\$ 564,846	\$ 564,846	\$ 711,102	\$ 711,102

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, or (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

**NOTE 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.

Tangible personal property tax is assessed on 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.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
(CONTINUED)**

**NOTE 5: LOCAL INCOME TAX**

The Village levies an income tax whose proceeds are placed into the General Fund and the Capital Improvement Fund. The Village's income tax rate changed to 1.5 percent from 1 percent as of July 1, 2005. The Village levies and collects on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village of Jefferson at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**NOTE 6: DEBT**

Debt outstanding at December 31, 2006 consisted of the following:

<u>Description</u>	<u>Balance 12/31/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2006</u>
<b><u>Capital Lease Obligation</u></b>	\$ 0	\$ 445,184	\$ 54,000	\$ 391,184
<b><u>General Obligation Notes</u></b>				
Various Purpose Notes, 2.74%	51,025	0	51,025	0
<b><u>General Obligation Bonds</u></b>				
Recreation Facility Bonds, 6.60%	1,110,000	0	35,000	1,075,000
<b><u>Ohio Water Development Authority Loan</u></b>				
Sewer Construction Loan, 4.56%	<u>1,226,226</u>	<u>0</u>	<u>93,403</u>	<u>1,132,823</u>
<b>Total</b>	<b><u>\$ 2,387,251</u></b>	<b><u>\$ 445,184</u></b>	<b><u>\$ 233,428</u></b>	<b><u>\$ 2,599,007</u></b>

Debt outstanding at December 31, 2005 consisted of the following:

<u>Description</u>	<u>Balance 12/31/2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2005</u>
<b><u>General Obligation Notes</u></b>				
Various Purpose Notes, 2.74%	\$ 100,679	\$ 0	\$ 49,654	\$ 51,025
<b><u>General Obligation Bonds</u></b>				
Recreation Facility Bonds, 6.60%	1,145,000	0	35,000	1,110,000
<b><u>Ohio Water Development Authority Loan</u></b>				
Sewer Construction Loan, 4.56%	<u>1,315,510</u>	<u>0</u>	<u>89,284</u>	<u>1,226,226</u>
<b>Total</b>	<b><u>\$ 2,561,189</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 173,938</u></b>	<b><u>\$ 2,387,251</u></b>

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

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NOTE 6: **DEBT** (Continued)

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$2,082,417 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$74,132.70, including interest, over 20 years. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Recreation Facility Bonds were used to construct the Village's Recreation Center used by the residents of the Village and in 2003 the Village issued \$149,000 in Various Purpose Notes for paving projects. Both of these issues are collateralized by the Village's taxing authority. The Various Purpose Notes were paid off in 2006.

The Village purchased a fire truck in 2006 which was financed by a Capital Lease agreement.

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

	<u>OWDA Loan</u>	<u>Recreation Facility Bonds</u>	<u>Capital Lease Obligations</u>	<u>Total Debt Service</u>
Year Ending December 31:				
2007	\$ 148,265	\$ 96,345	\$ 146,701	\$ 391,311
2008	148,265	94,245	73,946	316,456
2009	148,265	92,285	73,946	314,496
2010	148,265	95,285	73,945	317,495
2011	148,265	93,035	73,945	315,245
Subsequent	<u>667,197</u>	<u>1,220,375</u>	<u>0</u>	<u>1,887,572</u>
Total	<u>\$ 1,408,522</u>	<u>\$ 1,691,570</u>	<u>\$ 442,483</u>	<u>\$ 3,542,575</u>

NOTE 7: **RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

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NOTE 7: **RETIREMENT SYSTEMS** (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2006, OP&F participants contributed 3.5 percent of their wages and the Village had a “pickup” of 6.5 percent of the participant wages. The Village contributed an amount equal to 19.5 percent of police participant wages and 24 percent of fire participant wages. OPERS members contributed 2.5 percent of their wages and the Village had a pickup of 6.0 percent of the participant wages in 2005 and 6.5 percent in 2006. The Village contributed an amount equal to 13.55 percent of participants’ gross salaries for 2005 and 13.70 percent in 2006. The Village has paid all contributions required through December 31, 2006.

NOTE 8: **RISK MANAGEMENT**

**Risk Pool Management**

The Government belongs to the Ohio Municipal Joint Self-Insurance Pool, (the “Pool”), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744.081 of the Ohio Revised Code. The Pool provides property, liability, law enforcement, automobile, inland marine, and other coverages insurance for its members. The Plan pay judgments, settlements and other expenses resulting for covered claims that exceed the members’ deductibles.

The Pool pays certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool’s audited financial statements conform with generally accepted accounting principles and reported the following assets, liabilities and retained deficit at December 31, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
Assets	\$ 2,331,284	\$ 2,241,661
Liabilities	<u>(3,130,475)</u>	<u>(3,457,720)</u>
Retained Deficit	<u>\$ (799,191)</u>	<u>\$(1,216,059)</u>



**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

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NOTE 9: **LEGAL COMPLIANCE**

A. *Appropriations Exceed Estimated Resources* - Ohio Revised Code 5705.39 prohibits appropriations from exceeding the total estimated resources. The following funds had appropriations exceeding estimated resources:

**As of December 31, 2006**

Fund No.	Description	Total Certificate of Estimated Resources	Total Final Appropriations	Variance
<b><u>Special Revenue Funds</u></b>				
201	SCM & R	\$ 175,089	\$ 176,152	\$ (1,063)
205	Federal Grant	6,200	7,429	(1,229)
222	Special Fire Apparatus	53,300	89,184	(35,884)
<b><u>Debt Service Funds</u></b>				
260	Issue II Rd 19 Elm St	174,900	190,656	(15,756)
320	Fire Truck Refurbish	0	54,000	(54,000)
<b><u>Capital Projects Funds</u></b>				
440	Block Grant	0	25,751	(25,751)
475	FEMA Storm Sewer	0	123,504	(123,504)
480	West Cedar Street	0	20,080	(20,080)

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

NOTE 9: **LEGAL COMPLIANCE** (Continued)

**As of December 31, 2005**

Fund No.	<u>Description</u>	Total Certificate of Estimated Resources	Total Final Appropriations	Variance
<b><u>Special Revenue Funds</u></b>				
204	Village Recreation	\$ 246,715	\$ 256,391	\$ (9,676)
219	Safety Services	0	32,000	(32,000)
222	Special Fire Apparatus	52,341	72,200	(19,859)
224	Capital Improvements	539,770	714,157	(174,387)
<b><u>Debt Service Funds</u></b>				
240	Issue II Rd 17 Culvert	7,048	7,286	(238)
310	Recreation Facility Notes	92,981	95,860	(2,879)
<b><u>Capital Projects Funds</u></b>				
440	Block Grant	19,343	22,065	(2,722)
450	Orphan Well Grant	22,250	62,553	(40,303)
<b><u>Fiduciary Funds</u></b>				
709	Billy Joe Cole Trust	0	1,555	(1,555)

- B. *Expenditures and Encumbrances Exceed Appropriations* - Section 5705.41 (B), Ohio Revised Code, requires that encumbrances be charged against proper appropriations. Section 5705.41 (B), Revised Code prohibits the Village from making expenditures unless it has been properly appropriated. The following funds had expenditures plus encumbrances in excess of appropriations:

<b><u>As of December 31, 2006</u></b>	Final	Actual	Variance
<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u></u>
Enterprise Fund:			
Utility Deposits	\$ 3,000	\$ 3,258	\$ (258)

**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
*5240 East 98<sup>th</sup> Street*  
*Garfield Hts., Ohio 44125*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

To the Members of Village Council  
Village of Jefferson  
Ashtabula County, Ohio

We have audited the financial statements of the Village of Jefferson, Ashtabula County, Ohio (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated March 5, 2008, 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 audit, we considered the Village of Jefferson's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Jefferson's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Jefferson's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Jefferson's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village of Jefferson's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Jefferson's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the Village of Jefferson's management in a separate letter dated March 5, 2008.

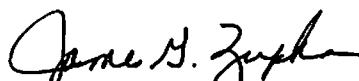
#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Jefferson'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings as items 2006-001, and 2006-002.

In a separate letter to the Village of Jefferson's management dated March 5, 2008, we reported other matters related to noncompliance.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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

  
James G. Zupka, CPA, Inc.  
Certified Public Accountants  
March 5, 2008

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**Finding Number 2006-001 - Noncompliance Citation and Significant Deficiency**

Ohio Revised Code Section 5705.14 states that no transfer can be made from one fund to another fund, except as follows:

- (1) To move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them;
- (2) To move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and
- (3) To use restricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Ohio Revised Code Section 5705.15 and 5705.16 states that in addition to the transfers listed above, which Ohio Revised Code Section 5705.14 authorizes, the taxing authority of any political subdivision, with the approval of the Tax Commissioner and the Court of Common Pleas, may transfer from one fund to another any public funds under its supervision, except the proceeds or balances of loans, bond issues, special levies for the payments of loans or bond issues, the proceeds or balances of funds derived from any excise tax levied by a law for a specified purpose, and the proceeds or balances of any license fees imposed by law for a specified purpose.

We found a few instances of transfers being made that do not comply with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16 as explained above. To improve controls over the budget, we recommend that all transfers comply with the above sections of the Ohio Revised Code.

**Village Response**

The Village will take this under advisement.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

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

**FINDING NUMBER 2006-002 - NONCOMPLIANCE CITATION**

Ohio Revised Code Section 5705.39, states that upon a determination by the fiscal officer of a subdivision that the total appropriations from each fund shall not exceed the total estimated resources.

During our review of the final estimated certificate of resources and the final appropriations budget for 2006 and 2005, it was noted that several funds had significant deficiencies and/or excess of resources allocated to them. See the fund(s) listed below.

**As of December 31, 2006**

<u>Fund</u>	<u>Description</u>	<u>Final</u>	<u>Final</u>	<u>Variance</u>
<u>No.</u>		<u>Resources</u>	<u>Appropriations</u>	
<b><u>Special Revenue Funds</u></b>				
201	SCM & R	\$ 175,089	\$ 176,152	\$ (1,063)
205	Federal Grant	6,200	7,429	(1,229)
222	Special Fire Apparatus	53,300	89,184	(35,884)
<b><u>Debt Service Funds</u></b>				
260	Issue II Rd 19 Elm St	174,900	190,656	(15,756)
320	Fire Truck Refurbish	0	54,000	(54,000)
<b><u>Capital Projects Funds</u></b>				
440	Block Grant	0	25,751	(25,751)
475	FEMA Storm Sewer	0	123,504	(123,504)
480	West Cedar Street	0	20,080	(20,080)

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(CONTINUED)**

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

**FINDING NUMBER 2006-002 - NONCOMPLIANCE CITATION** (Continued)

**As of December 31, 2005**

<u>Fund</u> <u>No.</u>	<u>Description</u>	<u>Final</u> <u>Resources</u>	<u>Final</u> <u>Appropriations</u>	<u>Variance</u>
<b><u>Special Revenue Funds</u></b>				
204	Village Recreation	\$ 246,715	\$ 256,391	\$ (9,676)
219	Safety Services	0	32,000	(32,000)
222	Special Fire Apparatus	52,341	72,200	(19,859)
224	Capital Improvements	539,770	714,157	(174,387)
<b><u>Debt Service Funds</u></b>				
240	Issue II Rd 17 Culvert	7,048	7,286	(238)
310	Recreation Facility Notes	92,981	95,860	(2,879)
<b><u>Capital Projects Funds</u></b>				
440	Block Grant	19,343	22,065	(2,722)
450	Orphan Well Grant	22,250	62,553	(40,303)
<b><u>Fiduciary Funds</u></b>				
709	Billy Joe Cole Trust	0	1,555	(1,555)

**Village Response**

For the year ended December 31, 2006, there were grant monies received in new funds that had not been amended for in the Certificate of Estimated Resources.

For the year ended December 31, 2005, the Budget Commission disregarded an Excel file which documented changes to the Certificate of Estimated Resources including a 1/2 percent increase in income tax and a new Safety Services Fund. This has been corrected in 2008 through format changes.

**VILLAGE OF JEFFERSON  
ASHTABULA COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

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<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected</b>	<b>Not Corrected, Partially Corrected: Significantly Different Corrective Action Taken; Or Finding No Longer Valid; <i>Explain</i></b>
2004-001	Per Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16 for authorization of transfers.	No	Re-issued as finding 2006-001





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF JEFFERSON**

**ASHTABULA 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  
AUGUST 19, 2008**