

Village of Jeffersonville

Fayette County, Ohio

Single Audit

For the Year Ended December 31, 2005

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

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Mary Taylor, CPA
Auditor of State

January 12, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**Auditor of State
Betty Montgomery**

Village Council
Village of Jeffersonville
4 North Main Street
P. O. Box 7
Jeffersonville, Ohio 43128

We have reviewed the *Independent Auditors' Report* of the Village of Jeffersonville, Fayette County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2005 through December 31, 2005. 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.

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 Jeffersonville is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 2, 2007

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Village of Jeffersonville, Ohio
For the Year Ended December 31, 2005
Table of Contents

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis As of December 31, 2005.....	11
Statement of Activities – Cash Basis For the Year Ended December 31, 2005.....	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances- Governmental Funds As of December 31, 2005.....	13
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2005.....	14
Statement of Fund Net Assets- Cash Basis- Proprietary Funds As of December 31, 2005.....	15
Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances- Proprietary Funds For the Year Ended December 31, 2005	16
Statement of Net Assets- Cash Basis- Fiduciary Fund As of December 31, 2005.....	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2005.....	18
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Street Construction , Maintenance, and Repair Fund For the Year Ended December 31, 2005.....	19
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Parks and Recreation Fund For the Year Ended December 31, 2005.....	20

Village of Jeffersonville, Ohio
For the Year Ended December 31, 2005
Table of Contents (Continued)

<u>TITLE</u>	<u>PAGE</u>
Notes to the Basic Financial Statements.....	21
Schedule of Federal Awards Expenditures	34
Notes to the Schedule of Federal Awards Expenditures	35
Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	36
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	38
Schedule of Findings	40
Schedule of Prior Audit Findings.....	43
Corrective Action Plan	44

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditors' Report

Village of Jeffersonville
Fayette County, Ohio
4 North Main Street
Jeffersonville, Ohio 43128

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Jeffersonville, Fayette County, Ohio, (the Village) as of and for the year ended December 31, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Jeffersonville, Fayette County, Ohio as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General, Street Construction, Maintenance and Repair, and Parks and Recreation funds for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2006, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or compliance. 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 considering the results of the audits.

The Management's Discussion and Analysis on pages 3-10 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

As discussed further in Note 3, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard (GASB) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosure*, and implemented GASB statement No. 40, *Deposit and Investment Risk Disclosures*.



Balestra, Harr & Scherer, CPAs, Inc.
October 25, 2006

Village of Jeffersonville
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

This discussion and analysis of the Village's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2005, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$100,795 or 218 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund which realized an increase in income tax revenue due to an aggressive campaign to collect delinquencies through the use of payment plans executed by the Village Law Director.

Net assets of business-type activities decreased \$2,369 or 3 percent from the prior year. In 2005 the Village of Jeffersonville was awarded grant money for the expansion of the sewer collection system. This project was funded with both grants and low interest loans. The project is near completion and will allow for the treatment of additional sewage with future growth within the Village.

The Village's general receipts are primarily property and local income taxes. These receipts represent 24 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004 as development within the Village has slowed.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Government Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the Village-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Village of Jeffersonville
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental Activities

State and federal grants, local income taxes and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type Activities

The Village has mainly two business-type activities, water and sewer operations. Business-type activities are financed by a fee charged to the customers receiving the service.

Village of Jeffersonville
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Street Construction, Maintenance and Repair Fund, and the Parks and Recreation Fund.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has four major enterprise funds, the Water Operating, Sewer Operating, Enterprise Debt Service Reserve, and Utility Deposit Funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the Village-wide financial statements because the resources of these funds are not available to support the Village's programs.

Village of Jeffersonville
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2005. Since the Village did not prepare financial statements in this format for 2004, a comparative analysis of Village-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 1)
Net Assets

	Governmental Activities	Business- Type Activities	Total
Assets			
Current Assets	\$ 213,322	\$ 66,326	\$ 279,648
Total Assets	\$ 213,322	\$ 66,326	\$ 279,648
Net Assets			
Restricted for:			
Other Purposes	\$ 70,525	\$ -	\$ 70,525
Debt Service	13,872	-	13,872
Unrestricted	62,599	66,326	128,925
Total Net Assets	\$ 146,996	\$ 66,326	\$ 213,322

As mentioned previously, net assets of governmental activities increased \$100,795 or 218 percent during 2005. The primary reason contributing to the increases in cash balances is as follows:

- The collection of delinquent income tax revenue was aggressively pursued by the Village in 2005.

Village of Jeffersonville
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Table 2 reflects the changes in net assets in 2005. Since the Village did not prepare financial statements in this format for 2004, a comparative analysis of Village-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

	Governmental Activities 2005	Business Type Activities 2005	Total 2005
Cash Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 45,530	\$ 469,599	\$ 515,129
Operating Grants and Contributions	64,398	-	64,398
Capital Grants and Contributions	854,090	-	854,090
Total Program Receipts	<u>964,018</u>	<u>469,599</u>	<u>1,433,617</u>
General Receipts:			
Property and Other Local Taxes	203,209	-	203,209
Income Taxes	254,876	-	254,876
Grants and Entitlements Not Restricted to Specific Programs	124,065	-	124,065
Notes Issued	222,467	1,231,535	1,454,002
Other Debt Proceeds	-	-	-
Interest	399	-	399
Miscellaneous	10,914	5,548	16,462
Total General Receipts	<u>815,930</u>	<u>1,237,083</u>	<u>2,053,013</u>
Total Receipts	<u>1,779,948</u>	<u>1,706,682</u>	<u>3,486,630</u>
Cash Disbursements:			
General Government	398,926	-	398,926
Security of Persons and Property	55,776	-	55,776
Public Health Services	2,996	-	2,996
Leisure Time Activities	38,064	-	38,064
Community Environment	2,208	-	2,208
Basic Utilities	14,215	-	14,215
Transportation	59,166	-	59,166
Other	10,023	-	10,023
Capital Outlay	1,076,677	-	1,076,677
Principal Retirement	16,300	-	16,300
Interest and Fiscal Charges	2,078	-	2,078
Water Operating	-	168,176	168,176
Sewer Operating	-	1,540,899	1,540,899
Customer Deposits	-	2,700	2,700
Total Disbursements	<u>1,676,429</u>	<u>1,711,775</u>	<u>3,388,204</u>
Excess (Deficiency) Before Transfers	103,519	(5,093)	98,426
Transfers	<u>(2,724)</u>	<u>2,724</u>	<u>-</u>
Increase (Decrease) in Net Assets	100,795	(2,369)	98,426
Net Assets, January 1, 2005	46,201	68,695	114,896
Net Assets, December 31, 2005	<u>\$ 146,996</u>	<u>\$ 66,326</u>	<u>\$ 213,322</u>

Village of Jeffersonville
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Program receipts represent 41 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees, charges for utility services and a capital grant for a sewer collection system expansion project.

General receipts represent 59 percent of the Village's total receipts, and of this amount, 9 percent is property and local taxes and 12 percent is local income tax. State and federal grants and loans make up the balance of the Village's general receipts (79 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the Village Clerk and income tax departments, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of street lighting and police protection; Leisure Time Activities are the costs of maintaining the skatepark and the swimming pool; Transportation is the cost of maintaining the roads; and Capital Outlay represents the costs of construction of the sewer collection expansion project.

Governmental Activities

If you look at the Statement of Activities on page 12 you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, security of persons and property, capital outlay, and transportation which account for 24, 3, 64 and 3 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	Total Cost Of Services 2005	Net Cost of Services 2005
	<u>2005</u>	<u>2005</u>
General Government	\$ 398,926	\$ 385,877
Security of Persons and Property	55,776	55,776
Public Health Services	2,996	2,996
Leisure Time Activities	38,064	(5,272)
Community Environment	2,028	2,208
Basic Utilities	14,215	14,215
Transportation	59,166	5,623
Other	10,023	10,023
Capital Outlay	1,076,677	222,587
Principal Retirement	16,300	16,300
Interest and Fiscal Charges	2,078	2,078
Total Expenses	<u>\$ 1,676,249</u>	<u>\$ 712,411</u>

The dependence upon property and income tax receipts is apparent as 21 percent of governmental activities are supported through these general receipts.

Village of Jeffersonville
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Business-type Activities

The water and sewer operations of the Village is relatively small and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure is beginning to age and is in need of repair. The Village received notification from the Ohio EPA that improvements were necessary to satisfy new water quality standards. The Ohio EPA mandated a sewer treatment expansion and construction began in 2005.

The Village's Funds

Total governmental funds had receipts of \$1,779,948 and disbursements of \$1,679,153. The greatest change within governmental funds occurred within the General Fund which realized an increase in income tax revenue due to an aggressive campaign to collect delinquencies through the use of payment plans executed by the Village Law Director.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, the Village amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were the same as original budgeted receipts.

Final disbursements were budgeted at \$533,756 while actual budget basis disbursements were \$504,991. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2005, the Village's outstanding debt included \$2,165,472 in notes and loans issued for improvements to buildings, equipment and infrastructures.

Village of Jeffersonville
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Current Issues

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2007; therefore, the finance committee and the administration implemented a strategy to delay the deficit.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Carol Roush, Clerk, Village of Jeffersonville, 4 North Main Street, Jeffersonville, Ohio 43128.

Village of Jeffersonville
Statement of Net Assets- Cash Basis
 December 31, 2005

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 146,996	\$ 66,326	\$ 213,322
<i>Total Assets</i>	<u>\$ 146,996</u>	<u>\$ 66,326</u>	<u>\$ 213,322</u>
Net Assets			
Restricted for:			
Other Purposes	\$ 70,525	\$ -	\$ 70,525
Debt Service	13,872	-	13,872
Unrestricted	<u>62,599</u>	<u>66,326</u>	<u>128,925</u>
<i>Total Net Assets</i>	<u>\$ 146,996</u>	<u>\$ 66,326</u>	<u>\$ 213,322</u>

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

Village of Jeffersonville
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		Total
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General Government	\$ 398,926	\$ 7,268	\$ 5,781	\$ -	\$ (385,877)	\$ -	\$ (385,877)
Security of Persons and Property	55,776	-	-	-	(55,776)	-	(55,776)
Public Health Services	2,996	-	-	-	(2,996)	-	(2,996)
Leisure Time Activities	38,064	37,527	5,809	-	5,272	-	5,272
Community Environment	2,208	-	-	-	(2,208)	-	(2,208)
Basic Utility Services	14,215	-	-	-	(14,215)	-	(14,215)
Transportation	59,166	735	52,808	-	(5,623)	-	(5,623)
Other	10,023	-	-	-	(10,023)	-	(10,023)
Capital Outlay	1,076,677	-	-	854,090	(222,587)	-	(222,587)
Debt Service:							
Principal	16,300	-	-	-	(16,300)	-	(16,300)
Interest	2,078	-	-	-	(2,078)	-	(2,078)
<i>Total Governmental Activities</i>	<u>1,676,429</u>	<u>45,530</u>	<u>64,398</u>	<u>854,090</u>	<u>(712,411)</u>	<u>-</u>	<u>(712,411)</u>
Business Type Activity							
Water Operating	168,176	146,325	-	-	-	(21,851)	(21,851)
Sewer Operating	1,540,899	323,274	-	-	-	(1,217,625)	(1,217,625)
Customer Deposits	2,700	-	-	-	-	(2,700)	(2,700)
<i>Total Business Type Activities</i>	<u>1,711,775</u>	<u>469,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,242,176)</u>	<u>(1,242,176)</u>
Total Primary Government	<u>3,388,204</u>	<u>515,129</u>	<u>64,398</u>	<u>854,090</u>	<u>(712,411)</u>	<u>(1,242,176)</u>	<u>(1,954,587)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					\$ 172,681	\$ -	\$ 172,681
Road Repair					30,528	-	30,528
Municipal Income Tax					254,876	-	254,876
Grants and Entitlements not Restricted to Specific Programs					124,065	-	124,065
Notes Issued					222,467	1,231,535	1,454,002
Other Debt Proceeds					-	-	-
Interest					399	-	399
Miscellaneous					10,914	5,548	16,462
<i>Total General Receipts</i>					<u>815,930</u>	<u>1,237,083</u>	<u>2,053,013</u>
Transfers					(2,724)	2,724	-
<i>Total General Receipts, Transfers and Advances</i>					<u>813,206</u>	<u>1,239,807</u>	<u>2,053,013</u>
Change in Net Assets					100,795	(2,369)	98,426
<i>Net Assets Beginning of Year</i>					<u>46,201</u>	<u>68,695</u>	<u>114,896</u>
<i>Net Assets End of Year</i>					<u>\$ 146,996</u>	<u>\$ 66,326</u>	<u>\$ 213,322</u>

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

Village of Jeffersonville
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Street Construction, Maintenance, and Repair	Parks Recreation	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 62,599	\$ 11,901	\$ 16,505	\$ 55,991	\$ 146,996
<i>Total Assets</i>	<u>\$ 62,599</u>	<u>\$ 11,901</u>	<u>\$ 16,505</u>	<u>\$ 55,991</u>	<u>\$ 146,996</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$ 2,469	\$ 319	\$ 600	\$ -	\$ 3,388
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	60,130	-	-	-	60,130
Debt Service Funds	-	-	-	13,872	13,872
Special Revenue Funds	-	11,582	15,905	42,119	69,606
<i>Total Fund Balances</i>	<u>\$ 62,599</u>	<u>\$ 11,901</u>	<u>\$ 16,505</u>	<u>\$ 55,991</u>	<u>\$ 146,996</u>

See accompanying notes to the basic financial statements

Village of Jeffersonville
*Statement of Receipts, Disbursements, and
Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005*

	General	Street Construction, Maintenance, and Repair	Parks Recreation	Other Governmental Funds	Total
Cash Receipts:					
Property and Other Local Taxes	\$ 427,557	\$ -	\$ -	\$ 30,528	\$ 458,085
Intergovernmental	124,065	48,847	5,809	863,832	1,042,553
Charges for Services	1,992	735	37,527	-	40,254
Fines, Licenses and Permits	5,276	-	-	-	5,276
Earnings on Investments	359	28	-	12	399
Other Revenue	5,863	5	5,046	-	10,914
Total Cash Receipts	565,112	49,615	48,382	894,372	1,557,481
Cash Disbursements:					
Current:					
Security of Persons & Property	55,776	-	-	-	55,776
Public Health Service	2,996	-	-	-	2,996
Leisure Time Activities	-	-	38,064	-	38,064
Community Environment	2,208	-	-	-	2,208
Transportation	-	48,334	-	10,832	59,166
Basic Utility Services	14,215	-	-	-	14,215
General Government	398,926	-	-	-	398,926
Capital Outlay	-	-	8,046	1,068,631	1,076,677
Debt Service:					
Redemption of Principal	16,300	-	-	-	16,300
Interest and Fiscal Charges	2,078	-	-	-	2,078
Total Cash Disbursements	492,499	48,334	46,110	1,079,463	1,666,406
Total Cash Receipts Over/(Under) Cash Disbursements	72,613	1,281	2,272	(185,091)	(108,925)
Other Financing Receipts and (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes	-	-	-	222,467	222,467
Advances-In	40,000	-	-	-	40,000
Transfers-Out	-	-	-	(2,724)	(2,724)
Advances-Out	(40,000)	-	-	-	(40,000)
Other Uses	(10,023)	-	-	-	(10,023)
Total Other Financing Receipts/(Disbursements)	(10,023)	-	-	219,743	209,720
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	62,590	1,281	2,272	34,652	100,795
Fund Cash Balances, January 1	9	10,620	14,233	21,339	46,201
Fund Cash Balances, December 31	\$ 62,599	\$ 11,901	\$ 16,505	\$ 55,991	\$ 146,996
Reserve for Encumbrances, December 31	\$ 2,469	\$ 319	\$ 600	\$ -	\$ 3,388

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

Village of Jeffersonville
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2005

	Business-Type Activities				Total Enterprise Funds
	Water Operating	Sewer Operating	Enterprise Debt Reserve	Customer Deposits	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,692	\$ (1,177)	\$ 45,702	\$ 20,109	\$ 66,326
Total Assets	<u>\$ 1,692</u>	<u>\$ (1,177)</u>	<u>\$ 45,702</u>	<u>\$ 20,109</u>	<u>\$ 66,326</u>
Net Assets					
Unrestricted	<u>\$ 1,692</u>	<u>\$ (1,177)</u>	<u>\$ 45,702</u>	<u>\$ 20,109</u>	<u>\$ 66,326</u>

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

Village of Jeffersonville
*Statement of Receipts, Disbursements, and
Changes in Cash Basis Fund Balances
Proprietary Funds
For the Year Ended December 31, 2005*

	Water Operating	Sewer Operating	Enterprise Debt Reserve	Customer Deposits	Total
Operating Cash Receipts:					
Charges for Services	\$ 146,325	\$ 323,274	\$ -	\$ -	\$ 469,599
Miscellaneous	1,685	-	-	-	1,685
Total Operating Cash Receipts	<u>148,010</u>	<u>323,274</u>	<u>-</u>	<u>-</u>	<u>471,284</u>
Operating Cash Disbursements:					
Personal Services	45,790	45,178	-	-	90,968
Employee Fringe Benefits	28,704	37,797	-	-	66,501
Contractual Services	16,742	20,205	-	-	36,947
Supplies and Materials	49,761	42,223	-	-	91,984
Other	733	869	-	2,700	4,302
Capital Outlay	14,699	1,084,036	-	-	1,098,735
Total Operating Cash Disbursements	<u>156,429</u>	<u>1,230,308</u>	<u>-</u>	<u>2,700</u>	<u>1,389,437</u>
Operating Loss	<u>(8,419)</u>	<u>(907,034)</u>	<u>-</u>	<u>(2,700)</u>	<u>(918,153)</u>
Non-Operating Receipts/Disbursements:					
Other Debt Proceeds	-	1,231,535	-	-	1,231,535
Miscellaneous Receipts	-	21	-	3,842	3,863
Redemption of Principal	(9,637)	(290,803)	-	-	(300,440)
Interest and Other Fiscal Charges	(2,110)	(19,788)	-	-	(21,898)
Total Non-Operating Receipts/(Disbursements)	<u>(11,747)</u>	<u>920,965</u>	<u>-</u>	<u>3,842</u>	<u>913,060</u>
Income/(Loss) Before Interfund Transfers and Advances	(20,166)	13,931	-	1,142	(5,093)
Transfers - In	2,724	-	-	-	2,724
Advances - In	10,100	41,000	-	-	51,100
Advances - Out	(1,000)	(50,100)	-	-	(51,100)
Net Income/(Loss)	(8,342)	4,831	-	1,142	(2,369)
Fund Cash Balances, January 1	<u>10,034</u>	<u>(6,008)</u>	<u>45,702</u>	<u>18,967</u>	<u>68,695</u>
Fund Cash Balances, December 31	<u>\$ 1,692</u>	<u>\$ (1,177)</u>	<u>\$ 45,702</u>	<u>\$ 20,109</u>	<u>\$ 66,326</u>
Reserve for Encumbrances, December 31	<u>\$ 716</u>	<u>\$ 806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,522</u>

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

Village of Jeffersonville
Statement of Net Assets - Cash Basis
Fiduciary Funds
December 31, 2005

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$147</u>
<i>Total Assets</i>	<u><u>\$147</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u>\$147</u>
<i>Total Net Assets</i>	<u><u>\$147</u></u>

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

Village of Jeffersonville
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property & Other Local Taxes	\$ 163,730	\$ 163,730	\$ 172,681	\$ 8,951
Municipal income Tax	240,000	240,000	254,876	14,876
Intergovernmental	18,892	18,892	124,065	105,173
Charges for Services	-	-	1,992	1,992
Fines, Licenses & Permits	5,080	5,080	5,276	196
Earnings on Investments	500	500	359	(141)
Miscellaneous	58,199	58,199	5,863	(52,336)
<i>Total receipts</i>	<u>486,401</u>	<u>486,401</u>	<u>565,112</u>	<u>78,711</u>
Disbursements				
Current:				
Security of Persons & Property	55,700	58,026	55,776	2,250
Public Health Services	5,200	2,996	2,996	-
Community Environment	5,300	2,208	2,208	-
Basic Utility Services	11,000	14,215	14,215	-
General Government	374,195	401,943	401,395	548
Debt Service:				
Principal Retirement	16,150	16,150	16,300	(150)
Interest and Fiscal Charges	3,000	3,000	2,078	922
<i>Total Disbursements</i>	<u>470,545</u>	<u>498,538</u>	<u>494,968</u>	<u>3,570</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>15,856</u>	<u>(12,137)</u>	<u>70,144</u>	<u>82,281</u>
Other Financing Sources (Uses)				
Transfers Out	(25,000)	(25,000)	-	25,000
Advances In	-	25,000	40,000	15,000
Advances Out	-	-	(40,000)	(40,000)
Other Financing Sources	329	329	-	(329)
Other Financing (Uses)	(15,393)	(10,218)	(10,023)	195
<i>Total Other Financing Sources (Uses)</i>	<u>(40,064)</u>	<u>(9,889)</u>	<u>(10,023)</u>	<u>(134)</u>
<i>Net Change in Fund Balance</i>	<u>(24,208)</u>	<u>(22,026)</u>	<u>60,121</u>	<u>82,147</u>
<i>Fund Balance Beginning of Year</i>	9	9	9	-
Prior Year Encumbrances Appropriated	<u>800</u>	<u>800</u>	<u>800</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (23,399)</u>	<u>\$ (21,217)</u>	<u>\$ 60,930</u>	<u>\$ 82,147</u>

See accompanying notes to the basic financial statements

Village of Jeffersonville
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 39,500	\$ 39,500	\$ 48,847	\$ 9,347
Charges for Services	-	-	735	735
Earnings on Investments	30	30	28	(2)
Miscellaneous	470	470	5	(465)
<i>Total receipts</i>	<u>40,000</u>	<u>40,000</u>	<u>49,615</u>	<u>9,615</u>
Disbursements				
Current:				
Transportation	49,000	49,000	48,653	347
<i>Total Disbursements</i>	<u>49,000</u>	<u>49,000</u>	<u>48,653</u>	<u>347</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,000)</u>	<u>(9,000)</u>	<u>962</u>	<u>9,962</u>
<i>Net Change in Fund Balance</i>	(9,000)	(9,000)	962	9,962
<i>Fund Balance Beginning of Year</i>	10,620	10,620	10,620	-
Prior Year Encumbrances Appropriated	310	310	310	-
<i>Fund Balance End of Year</i>	<u>\$ 1,930</u>	<u>\$ 1,930</u>	<u>\$ 11,892</u>	<u>\$ 9,962</u>

See accompanying notes to the basic financial statements

Village of Jeffersonville
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Parks and Recreation Fund
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ -	\$ -	\$ 5,809	\$ 5,809
Charges for Services	21,000	21,000	37,527	16,527
Miscellaneous	5,000	5,000	5,046	46
<i>Total receipts</i>	<u>26,000</u>	<u>26,000</u>	<u>48,382</u>	<u>22,382</u>
Disbursements				
Current:				
Leisure Time Activities	30,055	43,665	38,664	5,001
Capital Outlay	9,578	9,578	8,046	1,532
<i>Total Disbursements</i>	<u>39,633</u>	<u>53,243</u>	<u>46,710</u>	<u>6,533</u>
<i>Net Change in Fund Balance</i>	(13,633)	(27,243)	1,672	28,915
<i>Fund Balance Beginning of Year</i>	14,233	14,233	14,233	-
Prior Year Encumbrances Appropriated	600	600	600	-
<i>Fund Balance End of Year</i>	<u>\$ 1,200</u>	<u>\$ (12,410)</u>	<u>\$ 16,505</u>	<u>\$ 28,915</u>

See accompanying notes to the basic financial statements

Village of Jeffersonville
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

The Village of Jeffersonville, Fayette County, Ohio, 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, serves as the President of Council, and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads, park operations, and police services.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on the cash basis or draws from the Village's general receipts.

Village of Jeffersonville
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Construction, Maintenance and Repair Fund, and Parks and Recreation Fund.

General Fund – This fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Parks and Recreation Fund – This fund receives bed tax money, swimming pool memberships and fees for the operation and maintenance of the municipal swimming pool.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds, the enterprise debt reserve fund and the utility deposit fund.

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Village of Jeffersonville
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

Enterprise Debt Reserve Fund - The enterprise debt reserve fund was established as a condition in the sale of sewer mortgage revenue bonds. It was used to accumulate resources for the payment of emergency repairs to the system and to pay current sewer mortgage revenue bond debt.

Utility Deposit Fund - The utility deposit fund was established to accumulate deposits from customers for the water and sewer utility services provided by the Village.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's only fiduciary fund is an agency fund that accounts for unclaimed money.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

Village of Jeffersonville
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

To improve cash management, cash received by the Village is pooled. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

All of the Villages funds were deposited in a “NOW” checking account with a local commercial bank.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$359. \$28 was credited to the Street Construction, Maintenance and Repair Fund. Other governmental funds received \$12.

F. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Village of Jeffersonville
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for grants.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Fund Restatement

The Village has elected to present its financial statements in a format consistent with Governmental Accounting Standards Board (GASB) Statements No. 34, 37 and 38, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

These statements create and amend new basic financial statements and note disclosures for reporting on the Village's financial activities. The financial statements now include government-wide financial statements and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. GASB Statement No. 34 require GAAP reporting, however the Village presented "look alike" statements on the cash basis of accounting. The nonexpendable trust fund is now presented as a permanent fund.

The Village also implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments. The implementation of GASB Statement No. 40 had no effect on the Village's financial statements.

Village of Jeffersonville
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, the Street Construction Major Special Revenue Fund, and Parks and Recreation Major Special Revenue Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances, which are treated as cash disbursements rather than as a reservation of fund balance. The encumbrances outstanding at year end amounted to \$2,469 \$319 and \$600 for the General Fund, Street Construction, Maintenance and Repair Fund, and Parks and Recreation Fund, respectively.

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

Village of Jeffersonville
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 5 - Deposits and Investments (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Village had \$325 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

At December 31, 2005, the Village's carrying balance of deposits was \$213,647.

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005, \$140,346 of the Village's bank balance of \$240,346 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 6 – Income Taxes

The Village levies a 1 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 50 percent of the 1 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village 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 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Village of Jeffersonville
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 7 – Property Taxes (continued)

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2005, was \$5.30 per \$1,000 of assessed value.

The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

	Assessed Valuations
Real Property	
Agriculture	\$173,440
Residential	8,263,160
Commercial/Industrial	8,655,060
Total Real Property	17,091,660
Personal Property	
PU Personal	687,030
PU Real	1,990
Tangible Personal	6,827,401
Total Personal Property	6,976,401
Total Assessed Value	\$24,068,081

Note 8 – Risk Management

The Village belongs to the Public Entities Pool of Ohio, Acordia, a Wells Fargo company. Pursuant to Section 2744.081 of the Ohio Revised code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The Village has not incurred significant reductions in insurance coverage from the prior year by category or risk.

The village entered into a participation agreement with the Pool which provides for additional assessments to its members if contributions are insufficient to meet its obligations.

The Pool's financial statements (audited by other auditors) confirm to generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings (deficit) at December 31, 2005 and 2004.

	2005	2004
Assets (in Millions)	\$445,790	\$410,579
Liabilities	405,130	372,713
Retained Earnings	\$40,660	\$37,866

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$34,824, \$35,808, and \$34,525, respectively. The full amount has been contributed for 2005, 2004 and 2003. Contributions to the member-directed plan for 2005 were \$34,825 made by the Village and \$21,846 made by the plan members.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005, which were used to fund postemployment benefits were \$40,202. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Village of Jeffersonville
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 11 – Long-Term Obligations

The Village's note and loan transactions for the year ended December 31, 2005 were as follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Amounts Due In One Year
<u>Governmental Activities</u>						
1995 State Route 41/Carr Road Improvement Bonds	0.00%	\$72,450	\$0	\$6,300	\$66,150	\$6,300
1995 State Route 41/Carr Road Bond Anticipation Notes	5.00%	40,000	0	10,000	30,000	15,000
Total Governmental Activities		<u>\$112,450</u>	<u>\$0</u>	<u>\$16,300</u>	<u>\$96,150</u>	<u>\$21,300</u>
<u>Business-Type Activities</u>						
1972 USDA Rural Development Sewer Mortgage Revenue Bonds	5.00%	\$201,005	\$0	\$25,000	\$176,005	\$25,000
1990 OWDA Water Treatment Note	2.00%	105,520	0	\$9,636	95,884	9,629
1990 OWDA Sewer Treatment Note	2.00%	486,828	0	36,297	450,531	37,023
2003 OWDA Waste Water Treatment Expansion Note	0.00%	46,337	0	46,337	0	0
2003 OWDA Sewer Note	0.00%	76,070	107,100	183,170	0	0
2005 OPWC Sewer Improvement Note	0.00%	0	110,738	0	110,738	0
2005 OWDA Waste Water Treatment Improvements Note	0.00%	0	1,236,164	0	1,236,164	0
Total Business Type Activities		<u>\$915,760</u>	<u>\$1,454,002</u>	<u>\$300,440</u>	<u>\$2,069,322</u>	<u>\$66,652</u>

Village of Jeffersonville
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 11 – Long-Term Obligations (continued)

Principal and interest requirements to retire notes and loans at December 31, 2005 were as follows:

Year	Governmental Activities			
	General Obligation Notes			
	Principal	Interest		
2006	\$21,300	\$1,568		
2007	21,300	787		
2008	6,300	0		
2009	6,300	0		
2010	6,300	0		
2011-2015	34,650	0		
Totals	\$96,150	\$2,355		

Year	Business-Type Activities			
	Sewer Mortgage Revenue Bonds		Ohio Water Development Authority	
	Principal	Interest	Principal	Interest
2006	\$ 25,000	\$ 6,800	\$ 46,652	\$ 10,929
2007	26,000	7,550	47,789	9,991
2008	27,000	6,250	48,744	9,036
2009	28,000	4,900	49,720	8,061
2010	30,000	3,500	50,714	7,066
2011-2016	40,005	2,000	257,653	19,702
2017-2021	-	-	45,143	890
Total	\$ 176,005	\$ 31,000	\$ 546,415	\$ 65,675

The Sewer Mortgage Loan was initiated in September 1972 with a loan of \$300,000 at 5% interest from Farmer's Home Administration. Additional loans of \$29,000 (October 1972) and \$254,000 (January 1973) were consolidated with the first loan for a total loan of \$583,000 at 5% to be repaid over forty years. These loans mature in 2012. These loans were acquired for the construction and renovation of the wastewater treatment plant. The loan is collateralized by sewer receipts and payments are made from the sewer fund.

Ohio Water Development Authority Loans: The Village has five loans from the Ohio Water Development Authority (OWDA). These loans were for the renovation and improvement of the water and sewer systems of the Village. The Water Treatment Loan was established in 1990 for \$229,342 at 2% interest for twenty-five years and matures in 2015. The Sewer Treatment Loan was established in 1992 for \$898,738 at 2% interest for twenty-five years and matures in 2017. The Wastewater Treatment Expansion Design Loan was approved during 2003 for \$83,895 with 0% interest for expansion to the wastewater treatment plant. The Wastewater Treatment Expansion Loan was approved during 2003 for \$205,670 at 0% interest. Proceeds of the water fund are used to pay the Water Treatment Loan. The other four OWDA loans are repaid by the sewer fund. The latest Wastewater Treatment Improvements Loan was approved in February, 2005 at 0% interest, as part of a funding agreement for a project with the Department of Commerce. An amortization schedule will not be prepared for this note until construction is complete and a total amount borrowed can be determined.

Village of Jeffersonville
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 11 – Long-Term Obligations (continued)

State Route 41/Carr Road Improvement: These monies were originally received in the form of an Issue II grant in the months of October thru December 1995 for the improvement of State Route 41 and Carr Road. The Issue II monies were paid directly to the engineering firm (C.E. Williams and Associates). During 1996, this grant was converted to a loan with the Ohio Public Works Commission. The loan was in the amount of \$126,000 with no interest. The loan is for a period of twenty years with principal payments due January 1st and July 1st. This loan matures in July 2016. This loan is uncollateralized and is repaid through the General Fund.

State Route 41/Carr Road Bond Anticipation Note: A note was acquired in November 1995 in the amount of \$100,000 at 4.4% interest. The purpose of this note was for the construction and engineering costs of the State Route 41/Carr Road project. Another \$100,000 note was issued in 1996, the proceeds were used to retire the original note. The note issued in 1996 was issued at 4.4% interest and was due in 1997. Subsequently the Village issued ten year bonds in the amount of \$110,000. Principal payments are due on December 1st of each year. This note matures in 2007. The note is uncollateralized and is repaid through the General Fund.

The Ohio Public Works Commission (OPWC) Note was approved in February, 2005 at 0% in an amount not to exceed \$150,000. It was part of a funding source for a project with the Department of Commerce. An amortization schedule will not be prepared for this note until construction is complete and a total amount borrowed can be determined.

Note 12 – Interfund Transfers

During 2005 the following transfer was made:

Transfers from the Other Governmental Funds to:	
Water Operating Fund	<u>2,724</u>
Total Transfers from the General Fund	<u>\$2,724</u>

Transfers represent the allocation of unrestricted receipts collected in the Miscellaneous Special Revenue Fund to finance various programs accounted for in the water operating fund in accordance with budgetary authorizations.

Note 13 – Accountability and Compliance

Contrary to Ohio law, the Village did not exhibit accurate statements of monies received and expended and did not pay money into the fund for which it was established. For more details, see the Schedule of Findings, page 42 of this report.

Village of Jeffersonville
Fayette County
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2005

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>Economic Development Administration</u>			
<i>Directly from the Department of Commerce</i>			
Grants for Public Works and Economic Development Facilities	N/A	11.300	\$ 754,092
<u>U. S. Department of Homeland Security</u>			
<i>Passed through the Ohio Emergency Management Agency</i>			
Public assistance Grant	N/A	97.036	<u>5,781</u>
Total Federal Financial Assistance			<u><u>\$ 759,873</u></u>

See accompanying notes to the schedule of federal awards expenditures

Village of Jeffersonville
Fayette County
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2005

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) is a summary of the activity of the Village's federal award programs. The Schedule has been prepared on the cash basis of accounting.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Village of Jeffersonville
Fayette County, Ohio
4 North Main Street
Jeffersonville, Ohio 43128

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Jeffersonville, Fayette County, Ohio (the Village), as of and for the year ended December 31, 2005, and have issued our report thereon dated October 25, 2006, wherein we noted the Village followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. We also noted that the Village implemented GASB Statements Nos. 34, 37, 38 and 40. 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's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-003 and 2005-004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 and 2005-002.

We noted certain matters that we reported to management of the Village in a separate letter dated October 25, 2006.

Village of Jeffersonville
Fayette County, Ohio

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*
Page 2

This report is intended for the information and use of the Mayor, management, the Village Council and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

October 25, 2006

BALESTRA, HARR & SCHERER, CPAs, INC.

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Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Village of Jeffersonville
Fayette County, Ohio
4 North Main Street
Jeffersonville, Ohio 43128

Compliance

We have audited the compliance of the Village of Jeffersonville (the Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2005. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the Village of Jeffersonville is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit we considered the internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Village of Jeffersonville

Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulation, contracts and grants caused by an error or fraud that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Mayor, management, the Village Council and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

October 25, 2006

**VILLAGE OF JEFFERSONVILLE
 FAYETTE COUNTY
 SCHEDULE OF FINDINGS
 OMB Circular A-133 §.505
 For the Fiscal Year Ended December 31, 2005**

1. Summary of Auditor's Results

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any reportable conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Grants for Public Works and Economic Development Facilities CFDA # 11.300
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**VILLAGE OF JEFFERSONVILLE
FAYETTE COUNTY
SCHEDULE OF FINDINGS
(Continued)
DECEMBER 31, 2005**

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Revised Section 5705.10, states that money that is paid into a fund must be used only for the purpose for which a fund has been established. The Enterprise Debt Service Reserve Fund was established to accumulate resources for unexpected repairs to the sewer system and to make payments on the Sewer Mortgage revenue Bonds if necessary. Adjustments were required due to posting of debt payments for three separate water and sewer debt issues. By posting transactions to incorrect funds, the Village increases the risk of expending money for purposes not specifically designated by the funding source. Audit adjustments have been posted to the Village's financial records and are reflected in the accompanying financial statements to properly reflect the receipts and disbursements of the Village.

The Village Clerk should not post transactions to any fund for activity not related to the purpose for which the fund was established.

FINDING NUMBER 2005-002

Noncompliance Citation

Ohio Rev. Code, Section 733.28, states that the Village Clerk should keep the books of the Village, exhibit accurate statements of all monies received and expended, and property owned by the Village and income derived there from, and all taxes and assessments. Although the Village Clerk did maintain accounting records, the records contained numerous posting errors. As a result, the records maintained by the Clerk were not an accurate reflection of all monies received and expended. The audited 2005 financial statements included several audit adjustments and reclassifications.

Failure to accurately prepare and reconcile the accounting records 1) reduces the accountability over Village funds, 2) reduces the Council's ability to monitor financial activity, 3) increases the likelihood that moneys will be misappropriated and not detected, and 4) increases the likelihood that the Village's financial statements will be misstated.

The Village Clerk should exercise due diligence to help ensure the accuracy with which Village accounting records are maintained.

FINDING NUMBER 2005-003

Reportable Condition

The Village Clerk performs all the financial recordkeeping on the Uniform Accounting Network (UAN) System, including receipting, posting and reconciling to the depository. In the event that the Clerk is absent from her job, there is no person assigned to perform her duties. The Village's other personnel must prepare manual receipts and disbursements which are entered onto the system at a later date. The weakness of this system is that it allows for diversion of funds through possible alteration of source documents during the time in which receipts and disbursements are issued and when they are posted to the UAN System. Also, bookkeeping errors occurred without detection in a timely manner nor was an accurate account maintained of the Village's funds.

To strengthen internal accounting controls and increase accuracy of postings, Council should designate another individual to handle the duties of the Clerk in her absence. UAN training should be provided to this designated person. In addition, Council should periodically review the financial records of the Village for accuracy and completeness.

**VILLAGE OF JEFFERSONVILLE
FAYETTE COUNTY
SCHEDULE OF FINDINGS
(Continued)
DECEMBER 31, 2005**

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

FINDING NUMBER 2005-004

Reportable Condition

Controls over pool membership and concession receipts are essential for the Village management to safeguard Village assets.

The Village did not have adequate control procedures over the operation of the pool and related concessions. We noted the following control procedures related to pool receipts.

- Membership application forms were not signed or dated by the Village employee receiving payment.
- Current policy states that “family” memberships require persons to be residing in the same household. There were several instances where friends, grandparents, married children and other persons living in separate households were permitted to be on the same “family” membership.
- Pool rental agreements were not consistently applied according to existing policy. Current policy states that 50% of the pool rental fee shall be collected at the time of the rental and that portion is not refundable. Policy also sets the fee based upon the number of guests. Per the discretion of the pool manager, fees are not always collected at the signing of the rental agreement. Refunds are inconsistently applied, with some individuals receiving a full refund. Also there is no sign in sheet to determine the number of guests and the correct fee to charge for the rental.
- The sign in policy requires members and guests to sign in on the members’ attendance sign in sheet and for a pool employee to verify the completion of the attendance process. The sign in sheet does not always include the signature of the member or the guest. Additionally, there were some instances where non-members signatures appeared on a member’s sign in sheet on days when the member was not in attendance. There were also instances where the pool employee’s initials were not included on the sign in sheet verifying the attendance procedures were completed. The inconsistencies in the application of the attendance policy could allow for persons to attend the pool without paying the proper fee.

Failure to consistently apply the policies and procedures established for the operation of the swimming pool could allow for errors or irregularities to occur and not be detected within a timely period.

In order to strengthen the internal controls over the operation and management of the swimming pool, the Village Council should periodically review the application of the procedures at the swimming pool to help ensure their consistent application.

**VILLAGE OF JEFFERSONVILLE
 FAYETTE COUNTY
 SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	Citation of ORC 5705.10 for posting transactions to incorrect funds.	No	Re-issued as Finding 2005-001
2004-002	Citation of ORC 5705.36 for appropriations exceeding estimated resources.	No	Partially corrected. Reissued as a Management Comment due to materiality.
2004-003	Citation of 5705.39 for appropriations exceeding estimated resources.	No	Partially corrected. Reissued as a management comment due to materiality.
2004-004	ORC Section 733.28 requires the Clerk to maintain accurate financial records of the Village.	No	Reissued as Finding 2005-002.
2004-005	Lack of adequate controls over the posting of financial records to the UAN accounting system in the absence of the Clerk.	No	Reissued as Finding 2005-003
2004-006	Lack of adequate controls over Swimming Pool receipts.	No	Reissued as Finding 2005-004.

**VILLAGE OF JEFFERSONVILLE
 FAYETTE COUNTY
 CORRECTIVE ACTION PLAN
 DECEMBER 31, 2005**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2005-001	The Village will pay only the Sewer Mortgage Loan debt from the Enterprise Debt Service Reserve Fund.	12/31/06	Carol Roush, Village Clerk
2005-002	The Clerk will exercise more care when posting transactions to the UAN system.	12/31/06	Carol Roush, Village Clerk
2005-003	The assistant clerk has been scheduled for training on the UAN system to assist with posting in the absence of the Clerk.	12/31/06	Carol Roush, Village Clerk
2005-004	The Clerk will review the suggested items with Council.	12/31/06	Carol Roush, Village Clerk



Mary Taylor, CPA
Auditor of State

VILLAGE OF JEFFERSONVILLE

FAYETTE 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 18, 2007