

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001



**Auditor of State
Betty Montgomery**

Village Council
Village of West Jefferson
28 East Main Street
West Jefferson, Ohio 43162

We have reviewed the Independent Auditor's Report of the Village of West Jefferson, Madison County, prepared by Holbrook & Manter, CPAs, for the audit period January 1, 2001 to December 31, 2002. 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 West Jefferson is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

September 3, 2003

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INDEPENDENT AUDITORS' REPORT

Village Council
Village of West Jefferson
Madison County
28 East Main Street
West Jefferson, Ohio 43162

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than 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 combined fund cash balances and reserves for encumbrances of the Village of West Jefferson, as of December 31, 2002 and December 31, 2001 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Holbrook & Menter

Certified Public Accountants

June 20, 2003
Marion, Ohio

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OHIO SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2002

	GOVERNMENT FUND TYPES				(Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	Total
Cash receipts:					
Local taxes	\$ 715,548	\$ 58,329	\$ 0	\$ 466,630	\$ 1,240,507
Intergovernmental	230,978	204,567	0	0	435,545
Charges for services	113,879	0	0	0	113,879
Special assessments	22,788	0	0	0	22,788
Fines, licenses, and permits	29,629	1,628	0	0	31,257
Interest	29,768	1,298	0	0	31,066
Miscellaneous	9,702	0	0	0	9,702
Total cash receipts	<u>1,152,292</u>	<u>265,822</u>	<u>0</u>	<u>466,630</u>	<u>1,884,744</u>
Cash disbursements:					
Current:					
Security of persons and property	798,286	7,074	0	30,808	836,168
Leisure time activities	33,125	0	0	51,213	84,338
Community Environment	55,480	0	0	0	55,480
Basic utility services	0	0	0	99,575	99,575
Transportation	0	273,410	0	26,475	299,885
General government	384,967	0	0	61,791	446,758
Debt Service	0	0	20,929	0	20,929
Total cash disbursements	<u>1,271,858</u>	<u>280,484</u>	<u>20,929</u>	<u>269,862</u>	<u>1,843,133</u>
Total receipts over/(under) cash disbursements	<u>(119,566)</u>	<u>(14,662)</u>	<u>(20,929)</u>	<u>196,768</u>	<u>41,611</u>
Other financing receipts/(disbursements):					
Transfers - in	0	0	20,929	0	20,929
Transfers - out	(20,929)	0	0	0	(20,929)
Total other financing receipts/(disbursements)	<u>(20,929)</u>	<u>0</u>	<u>20,929</u>	<u>0</u>	<u>0</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<u>(140,495)</u>	<u>(14,662)</u>	<u>0</u>	<u>196,768</u>	<u>41,611</u>
Fund cash balances January 1, 2002	<u>1,293,560</u>	<u>93,291</u>	<u>822</u>	<u>215,151</u>	<u>1,602,824</u>
Fund cash balances, December 31, 2002	<u>\$ 1,153,065</u>	<u>\$ 78,629</u>	<u>\$ 822</u>	<u>\$ 411,919</u>	<u>\$ 1,644,435</u>
Reserve for encumbrances, December 31, 2002	<u>\$ 3,200</u>	<u>\$ 586</u>	<u>\$ 0</u>	<u>\$ 13,000</u>	<u>\$ 16,786</u>

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

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGE IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE-
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund
	Enterprise
Operating cash receipts:	
Charges for services	\$ 1,150,971
Total operating cash receipts	1,150,971
Operating cash disbursements:	
Personal services	314,956
Travel transportation	0
Contractual services	311,277
Supplies and materials	343,708
Capital outlay	0
Total operating cash disbursements	969,941
Operating income	181,030
Non-operating cash receipts:	
Special assessments	1,184
Interest	7,098
Total non-operating cash receipts	8,282
Non-operating cash disbursements:	
Debt service	259,953
Total non-operating cash disbursements	259,953
Excess of receipts under disbursements before interfund transfers and advances	(70,641)
Advances	
Transfers-in	30,000
Transfers-out	(30,000)
Net receipts over disbursements	(70,641)
Fund cash balances, January 1, 2002	401,320
Fund cash balances, December 31, 2002	\$ 330,679
Reserve for encumbrances, December 31, 2002	\$ 9,424

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

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2001

	GOVERNMENT FUND TYPES				(Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	Total
Cash receipts:					
Local taxes	\$ 795,907	\$ 120,254	\$ 0	\$ 360,764	\$ 1,276,925
Intergovernmental	186,461	185,846	0	0	372,307
Charges for services	74,275	0	0	0	74,275
Special assessments	7,739	0	0	0	7,739
Fines, licenses, and permits	18,754	1,145	0	0	19,899
Interest	72,083	4,260	0	0	76,343
Miscellaneous	11,490	0	0	0	11,490
Total cash receipts	1,166,709	311,505	0	360,764	1,838,978
Cash disbursements:					
Current:					
Security of persons and property	741,511	15,783	0	0	757,294
Public health services	19,748	0	0	0	19,748
Leisure time activities	40,467	0	0	0	40,467
Community Environment	16,658	0	0	0	16,658
Transportation	0	281,900	0	0	281,900
General government	362,730	0	0	0	362,730
Capital outlay	0	0	0	280,402	280,402
Debt service	0	0	20,929	0	20,929
Total cash disbursements	1,181,114	297,683	20,929	280,402	1,780,128
Total receipts over/(under) cash disbursements	(14,405)	13,822	(20,929)	80,362	58,850
Other financing receipts/(disbursements):					
Transfers - in	0	0	20,929	0	20,929
Transfers - out	(75,929)	0	0	0	(75,929)
Total other financing receipts/(disbursements)	(75,929)	0	20,929	0	(55,000)
Excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements	(90,334)	13,822	0	80,362	3,850
Fund cash balances January 1, 2001	1,383,894	79,467	822	134,791	1,598,974
Fund cash balances, December 31, 2001	\$ 1,293,560	\$ 93,289	\$ 822	\$ 215,153	\$ 1,602,824
Reserve for encumbrances, December 31, 2001	\$ 8,065	\$ 103	\$ 0	\$ 4,398	\$ 12,566

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

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGE IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE-
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund
	Enterprise
Operating cash receipts:	
Charges for services	\$ 1,106,945
Total operating cash receipts	1,106,945
Operating cash disbursements:	
Personal services	301,545
Travel transportation	2,509
Contractual services	305,496
Supplies and materials	327,030
Capital outlay	89,135
Total operating cash disbursements	1,025,715
Operating income	81,230
Non-operating cash receipts:	
Special assessments	1,402
Intergovernmental revenues	812
Interest	17,520
Miscellaneous	4,046
Total non-operating cash receipts	23,780
Non-operating cash disbursements:	
Debt service	259,953
Total non-operating cash disbursements	259,953
Excess of receipts under disbursements before interfund transfers and advances	(154,943)
Advances	
Transfers-in	85,000
Transfers-out	(30,000)
Net receipts over disbursements	(99,943)
Fund cash balances, January 1, 2001	501,263
Fund cash balances, December 31, 2001	\$ 401,320
Reserve for encumbrances, December 31, 2001	\$ 9,966

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

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

- A. **Description of the Entity** – The Village of West Jefferson, Madison County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected seven-member Council. The Village provides general governmental services, including water and sewer utilities, pool and park operations (leisure time activities), and police services.

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

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

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

- C. **Cash and Investments** – Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

- D. **Fund Accounting** - The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund

This fund receives gasoline tax, motor vehicle tax money and municipal income taxes for constructing, maintaining and repairing Village streets.

State Highway Improvement Fund

This fund receives gasoline and motor vehicle tax money for constructing, maintaining and repairing state highways within the Village.

Permissive Tax Fund

This fund receives gasoline tax and motor vehicle tax money to fund.

Enforcement Education Fund

This fund receives collections of fines, licenses and permits to fund.

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Cops Grant

This fund receives cops grant for compensating police's salary.

Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness.

Bond Redemption Fund

This fund receives proceeds from the General Fund and is used to pay the debt on the bond redemption.

Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds).

Other Capital Projects Fund

This fund receives income tax revenue to maintain major capital projects.

Enterprise Funds

These funds are used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise funds:

Water Fund

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

Sewer Fund

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

Sanitation Waste Water Fund

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

Waste Water Repair Fund

This fund receives transfer-in money from Sewer Fund for water tower repair and maintenance.

Swimming Pool Fund

This fund receives charges for services from users to cover the cost of providing this service.

- E. Budgetary Process** - The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations

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

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Estimated Resources

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

Encumbrances

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

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

- F. **Property, Plant and Equipment** - Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements
- G. **Unpaid Vacation and Sick Leave** – Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	<u>2002</u>	<u>2001</u>
Demand deposits	\$ (12,917)	\$ (32,435)
Certificate of deposit	<u>402,654</u>	<u>400,000</u>
Total deposits	<u>389,737</u>	<u>367,565</u>
STAR Ohio	1,585,377	1,636,579
Total investments	<u>1,585,377</u>	<u>1,636,579</u>
Total deposits and investments	\$ <u>1,975,114</u>	\$ <u>2,004,144</u>

Deposits - The Village's deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) covered by specific collateral held by third party trustees.

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2002 was as follows:

2002 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,090,950	\$ 1,152,292	\$ 61,342
Special Revenue	261,800	265,822	4,022
Debt Service	20,929	20,929	0
Capital Project	500,000	466,630	(33,370)
Enterprise	<u>1,318,700</u>	<u>1,189,253</u>	<u>(129,447)</u>
Total	<u>\$ 3,192,379</u>	<u>\$ 3,094,926</u>	<u>\$ (97,453)</u>

2002 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,332,946	\$ 1,295,987	\$ 36,959
Special Revenue	294,378	281,070	13,308
Debt Service	20,929	20,929	0
Capital Projects	640,355	282,862	357,493
Enterprise	<u>1,399,789</u>	<u>1,269,318</u>	<u>130,471</u>
Total	<u>\$ 3,688,397</u>	<u>\$ 3,150,166</u>	<u>\$ 538,231</u>

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 3 - BUDGETARY ACTIVITY:-(continued)

Budgetary activity for the year ending December 31, 2001 was as follows:

2001 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,074,000	\$ 1,166,709	\$ 92,709
Special Revenue	302,250	311,505	9,255
Debt Service	21,000	20,929	(71)
Capital Project	325,500	360,764	35,264
Enterprise	<u>1,248,527</u>	<u>1,215,725</u>	<u>(32,802)</u>
Total	<u>\$ 2,971,277</u>	<u>\$ 3,075,632</u>	<u>\$ 104,355</u>

2001 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,273,577	\$ 1,265,108	\$ 8,469
Special Revenue	326,420	297,786	28,634
Debt Service	21,800	20,929	871
Capital Projects	310,000	284,800	25,200
Enterprise	<u>1,421,262</u>	<u>1,325,634</u>	<u>95,628</u>
Total	<u>\$ 3,353,059</u>	<u>\$ 3,194,257</u>	<u>\$ 158,802</u>

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 4 – PROPERTY TAX:-

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

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

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

NOTE 5 - DEBT:-

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

	Principal Balance <u>12/31/2002</u>
Ohio Water Development Authority Loan 8.31%	\$ 1,748,258
Ohio Public Works Commission-Pear Street Storm Sewer Loan 0%	251,144
Ohio Public Works Commission-Westside Relief Trunk Sewer Loan 0%	<u>233,561</u>
Total	<u><u>\$ 2,232,963</u></u>

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$2,516,190 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$120,994, including interest over 25 years. The scheduled payment amount below assumes that \$2,516,190 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 5 - DEBT:- (continued)

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

Year Ending December 31	OWDA Loan	Ohio Public Works Commission Loan	Ohio Public Works Commission Loan
2003	\$ 241,987	\$ 17,966	\$ 20,929
2004	241,987	17,966	20,929
2005	241,987	17,966	20,929
2006	241,987	17,966	20,929
2007	241,987	17,966	20,929
Subsequent	<u>1,572,916</u>	<u>143,731</u>	<u>146,499</u>
Total	2,782,851	233,561	251,144
Less: Interest Expense	<u>1,034,593</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,748,258</u>	<u>\$ 233,561</u>	<u>\$ 251,144</u>

NOTE 6 – LOCAL INCOME TAXES:-

This locally levied tax of 1 percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of West Jefferson and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to net income of business organizations operating within West Jefferson. The tax receipts are credited to the General Fund and amounted to \$1,166,573.99 in 2002 and \$1,202,542.94 in 2001.

NOTE 7 – RETIREMENT SYSTEMS:-

The Villages law enforcement officers belong to the Police & Firemen’s Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2002.

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 8 – RISK MANAGEMENT:-

The Village has participated in the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicles

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



Report on Compliance and on Internal Control Required by *Government Auditing Standards*

Village Council
Village of West Jefferson
Madison County
28 E. Main St.
West Jefferson, Ohio 43162

We have audited the accompanying financial statements of the Village of West Jefferson, Madison County, Ohio (the Village), as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated June 20, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

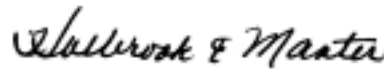
Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the Management of the Village in a separate letter dated June 20, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the Management of the Village in a separate letter dated June 20, 2003.

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


CERTIFIED PUBLIC ACCOUNTANTS

June 20, 2003
Marion, Ohio



**Auditor of State
Betty Montgomery**

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VILLAGE OF WEST JEFFERSON

MADISON 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
SEPTEMBER 25, 2003**