

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
REPORT ON FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of West Jefferson  
28 East Main Street  
P.O. Box 48  
West Jefferson, Ohio 43162

We have reviewed the *Independent Accountants' Report* of the Village of West Jefferson, Madison County, prepared by Holbrook & Manter, for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of West Jefferson is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 8, 2010

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## INDEPENDENT ACCOUNTANTS' REPORT

Village Council  
Village of West Jefferson  
Madison County

We were engaged to audit the accompanying financial statements of the Village of West Jefferson, Madison County, Ohio, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management.

The Village's financial statements contain undeterminable posting errors, unreconciled cash balances, and lack of documentation during 2008 and 2007. We were unable to obtain from the Village balanced cash reconciliation as of December 31, 2008 and December 31, 2007 and the Village could not provide evidence supporting the variance within the cash fund balances. Because of these inadequacies in the Village's accounting records, we were unable to form an opinion regarding the amounts recorded as revenue, expenditures, and fund balance in the accompanying Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and the Combined Statement of Cash receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary Fund Types and Similar Fiduciary Funds for the years ended December 31, 2008 and 2007.

As discussed in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits.

Because of the effects of the matters discussed in the third paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above for the Village of West Jefferson, Madison County as of December 31, 2008 or 2007.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2010 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our engagement.

A handwritten signature in black ink that reads 'Holbrook &amp; Manter' in a cursive script.

Certified Public Accountants

October 15, 2010

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**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, 2008

	<b>GOVERNMENTAL FUND TYPES</b>				<b>Total (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Project</b>	
<b>CASH RECEIPTS:-</b>					
Local taxes	\$ 73,415	\$ 0	\$ 0	\$ 0	\$ 73,415
Municipal income taxes	1,327,262	165,608	0	165,608	1,658,478
Intergovernmental	167,242	227,258	0	712,452	1,106,952
Charges for services	86,209	65,596	57,436	0	209,241
Special assessments	152,301	50,000	0	0	202,301
Fines, licenses, and permits	35,305	2,550	0	0	37,855
Earnings on investments	29,755	2,212	3,380	512	35,859
Miscellaneous	51,405	7,735	0	0	59,140
<b>Total cash receipts</b>	<b>1,922,894</b>	<b>520,959</b>	<b>60,816</b>	<b>878,572</b>	<b>3,383,241</b>
<b>CASH DISBURSEMENTS:-</b>					
<b>Current:-</b>					
Security of persons and property	933,885	65	0	0	933,950
Leisure time activities	42,715	0	0	0	42,715
Community environment	262,353	0	0	0	262,353
Basic utility services	117,430	0	0	0	117,430
Transportation	0	514,888	0	0	514,888
General government	661,349	0	0	0	661,349
Capital outlay	0	0	0	2,755,467	2,755,467
Debt service:-					
Redemption of principal	0	0	20,929	146,692	167,621
Interest and other fiscal charges	0	0	0	33,933	33,933
<b>Total cash disbursements</b>	<b>2,017,732</b>	<b>514,953</b>	<b>20,929</b>	<b>2,936,092</b>	<b>5,489,706</b>
<b>Total receipts over (under) cash disbursements</b>	<b>( 94,838)</b>	<b>6,006</b>	<b>39,887</b>	<b>( 2,057,520)</b>	<b>( 2,106,465)</b>
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):-</b>					
Transfers - in	0	0	20,929	0	20,929
Transfers - out	( 20,929)	0	0	0	( 20,929)
Sale of fixed assets	1,000	0	0	0	1,000
Sale of notes	0	0	0	2,109,926	2,109,926
<b>Total other financing receipts (disbursements)</b>	<b>( 19,929)</b>	<b>0</b>	<b>20,929</b>	<b>2,109,926</b>	<b>2,110,926</b>
<b>Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements</b>	<b>( 114,767)</b>	<b>6,006</b>	<b>60,816</b>	<b>52,406</b>	<b>4,461</b>
<b>Fund cash balances January 1, 2008</b>	<b>787,200</b>	<b>297,647</b>	<b>275,340</b>	<b>156,336</b>	<b>1,516,523</b>
<b>Fund cash balances, December 31, 2008</b>	<b>\$ 672,433</b>	<b>\$ 303,653</b>	<b>\$ 336,156</b>	<b>\$ 208,742</b>	<b>\$ 1,520,984</b>
<b>Reserve for encumbrances, December 31, 2008</b>	<b>\$ 11,494</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,014</b>	<b>\$ 12,508</b>

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 AND SIMILAR FIDUCIARY FUND TYPES-  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Proprietary Funds</u>	<u>Fiduciary Fund</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>OPERATING CASH RECEIPTS:-</b>			
Charges for services	\$ 1,456,701	\$ 12,697	\$ 1,469,398
Fines, Licenses, and Permits	0	0	0
Miscellaneous	13,250	0	13,250
Total operating cash receipts	<u>1,469,951</u>	<u>12,697</u>	<u>1,482,648</u>
<b>OPERATING CASH DISBURSEMENTS:</b>			
Personal services	289,932	0	289,932
Employee Fringe Benefits	115,137	0	115,137
Contractual services	384,811	0	384,811
Leisure time activities	28,376	0	28,376
Supplies and materials	241,482	0	241,482
Capital outlay	20,985	0	20,985
Other	34,458	6,987	41,445
Total operating cash disbursements	<u>1,115,181</u>	<u>6,987</u>	<u>1,122,168</u>
Operating income	<u>354,770</u>	<u>5,710</u>	<u>360,480</u>
<b>NON-OPERATING CASH RECEIPTS:-</b>			
Special assessments	3,544	0	3,544
Interest	561	0	561
Miscellaneous	10,052	0	10,052
Total non-operating cash receipts	<u>14,157</u>	<u>0</u>	<u>14,157</u>
<b>NON-OPERATING CASH DISBURSEMENTS:-</b>			
Redemption of principal	156,361	0	156,361
Interest and other fiscal charges	87,262	0	87,262
Total non-operating cash disbursements	<u>243,623</u>	<u>0</u>	<u>243,623</u>
Excess of receipts over disbursements before interfund transfers and advances	125,304	5,710	131,014
Transfers-in	30,000	0	30,000
Transfers-out	( 30,000)	0	( 30,000)
Net receipts over disbursements	125,304	5,710	131,014
Fund cash balances, January 1, 2008	<u>396,493</u>	<u>38,585</u>	<u>435,078</u>
Fund cash balances, December 31, 2008	<u>\$ 521,797</u>	<u>\$ 44,295</u>	<u>\$ 566,092</u>
<b>Reserve for encumbrances, December 31, 2008</b>	<u>\$ 13,893</u>	<u>\$ 0</u>	<u>\$ 13,893</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 CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES.  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<b>GOVERNMENTAL FUND TYPES</b>				<b>Total (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Project</b>	
<b>CASH RECEIPTS:-</b>					
Local taxes	\$ 87,823	\$ 0	\$ 0	\$ 0	\$ 87,823
Municipal income taxes	1,140,790	152,105	0	228,159	1,521,054
Intergovernmental	180,244	225,081	0	78,227	483,552
Charges for services	238,689	0	135,697	0	374,386
Special assessments	50,502	0	0	0	50,502
Fines, licenses, and permits	23,728	1,050	0	0	24,778
Earnings on investments	40,393	11,109	0	3,934	55,436
Miscellaneous	14,683	3,391	0	8,000	26,074
<b>Total cash receipts</b>	<b>1,776,852</b>	<b>392,736</b>	<b>135,697</b>	<b>318,320</b>	<b>2,623,605</b>
<b>CASH DISBURSEMENTS:-</b>					
<b>Current;-</b>					
Security of persons and property	938,592	3,584	0	0	942,176
Leisure time activities	39,156	0	0	0	39,156
Community environment	131,923	0	0	0	131,923
Basic utility services	0	0	0	0	0
Transportation	0	333,192	0	0	333,192
General government	560,125	0	0	0	560,125
Capital outlay	0	0	0	560,255	560,255
Debt service;-A34					
Redemption of principal	0	0	162,620	0	162,620
Interest and other fiscal charges	0	0	55,435	0	55,435
<b>Total cash disbursements</b>	<b>1,669,796</b>	<b>336,776</b>	<b>218,055</b>	<b>560,255</b>	<b>2,784,882</b>
<b>Total receipts over (under) cash disbursements</b>	<b>107,056</b>	<b>55,960</b>	<b>( 82,358)</b>	<b>( 241,935)</b>	<b>( 161,277)</b>
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):-</b>					
Transfers - in	0	0	218,055	0	218,055
Transfers - out	( 37,429)	0	0	( 180,626)	( 218,055)
Sale of notes	0	0	0	470,876	470,876
<b>Total other financing receipts (disbursements)</b>	<b>( 37,429)</b>	<b>0</b>	<b>218,055</b>	<b>290,250</b>	<b>470,876</b>
Excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements	69,627	55,960	135,697	48,315	309,599
Fund cash balances January 1, 2007	717,573	241,687	139,643	108,021	1,206,924
Fund cash balances, December 31, 2007	\$ 787,200	\$ 297,647	\$ 275,340	\$ 156,336	\$ 1,516,523
<b>Reserve for encumbrances, December 31, 2007</b>	<b>\$ 133,509</b>	<b>\$ 17,250</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 150,759</b>

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 AND SIMILAR FIDUCIARY FUND TYPES-  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary Funds</u>	<u>Fiduciary Fund</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>OPERATING CASH RECEIPTS:-</b>			
Charges for services	\$ 1,208,744	\$ 12,575	\$ 1,221,319
Fines, Licenses, and Permits	20,000	0	20,000
Miscellaneous	1,670	0	1,670
Total operating cash receipts	<u>1,230,414</u>	<u>12,575</u>	<u>1,242,989</u>
<b>OPERATING CASH DISBURSEMENTS:-</b>			
Personal services	373,818	0	373,818
Contractual services	387,071	5,761	392,832
Supplies and materials	228,358	0	228,358
Capital outlay	10,291	0	10,291
Total operating cash disbursements	<u>999,538</u>	<u>5,761</u>	<u>1,005,299</u>
Operating income	<u>230,876</u>	<u>6,814</u>	<u>237,690</u>
<b>NON-OPERATING CASH RECEIPTS:-</b>			
Intergovernmental Receipts	12,000	0	12,000
Special assessments	2,418	0	2,418
Interest	10,625	0	10,625
Total non-operating cash receipts	<u>25,043</u>	<u>0</u>	<u>25,043</u>
<b>NON-OPERATING CASH DISBURSEMENTS:-</b>			
Redemption of principal	145,743	0	145,743
Interest and other fiscal charges	96,205	0	96,205
Total non-operating cash disbursements	<u>241,948</u>	<u>0</u>	<u>241,948</u>
Excess of receipts over disbursements before interfund transfers and advances	13,971	6,814	20,785
Transfers-in	30,000	31,771	61,771
Transfers-out	<u>( 61,771)</u>	<u>0</u>	<u>( 61,771)</u>
Net receipts over disbursements	( 17,800)	38,585	20,785
Fund cash balances, January 1, 2007	<u>414,293</u>	<u>0</u>	<u>414,293</u>
Fund cash balances, December 31, 2007	<u>\$ 396,493</u>	<u>\$ 38,585</u>	<u>\$ 435,078</u>
<b>Reserve for encumbrances, December 31, 2007</b>	<u>\$ 5,413</u>	<u>\$ 0</u>	<u>\$ 5,413</u>

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, 2008 AND 2007**

**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** - The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village values certificates of deposit and repurchase agreements 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.

**Enforcement Education Fund**

This fund receives collections of fines, licenses and permits.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

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

**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).

OWDA Loan Fund

This fund receives loan proceed revenue and pays disbursements in order to individually account for all transactions relating to the loan.

Sewer Rehab Fund

This fund receives grant revenue and pays disbursements in order to individually account for all transactions relating to the grant.

Reverse Osmosis Fund

This fund receives grant revenue and loan proceed revenue and pays disbursements in order to individually account for all transactions relating to the grant and the loan.

Nature Grant Fund

This fund receives grant revenue and pays disbursements in order to individually account for all transactions relating to the grant.

Other Capital Projects Fund

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

**Debt Service Funds**

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

Debt Service Fund

During 2008, this fund receives proceeds from the General Fund and is used to pay debt, however, during 2007, this fund receives proceeds from the General Fund and the Capital Projects Fund and is used to pay down debt.

**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.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

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

Swimming Pool Fund

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

**Agency Funds**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following Fiduciary Funds:

Water Deposit Fund

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

- 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.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The Madison 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 2008 and 2007 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.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**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 after adjusted to match the unreconciled differences on the financial statements:

	<b>2008</b>	<b>2007</b>
Demand deposits	\$ 529,694	\$ 431,902
Total deposits	529,694	431,902
STAR Ohio	187	188
Huntington Bank money market	1,557,195	1,519,511
Total investments	1,557,382	1,519,699
Total deposits and investments	\$ 2,087,076	\$ 1,951,601

**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, 2008 AND 2007**

**NOTE 3 - BUDGETARY ACTIVITY:-**

Budgetary activity for the year ending December 31, 2008 was as follows:

**2008 Budgeted VS. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,705,750	\$ 1,923,894	\$ 218,144
Special Revenue	474,650	520,959	46,309
Debt Service	356,555	81,745	( 274,810)
Capital Project	3,294,670	2,988,498	( 306,172)
Enterprise	1,734,300	1,514,108	( 220,192)
Fiduciary	13,200	12,697	( 503)
<b>Total</b>	<b>\$ <u>7,579,125</u></b>	<b>\$ <u>7,041,901</u></b>	<b>\$ ( <u>537,224</u>)</b>

**2008 Budgeted VS. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,811,678	\$ 2,050,155	\$ ( 238,477)
Special Revenue	412,699	514,953	( 102,254)
Debt Service	201,555	20,929	180,626
Capital Projects	3,313,626	2,937,106	376,520
Enterprise	1,400,611	1,402,697	( 2,086)
Fiduciary	8,020	6,987	1,033
<b>Total</b>	<b>\$ <u>7,148,189</u></b>	<b>\$ <u>6,932,827</u></b>	<b>\$ <u>215,362</u></b>

Contrary to Ohio Revised Code 5705.36, actual receipts were less than budgeted receipts as of December 31, 2008 by \$274,810 in the Debt Service Fund, \$306,172 in the Capital Project Funds, \$220,192 in the Enterprise Funds, and by \$503 in the Fiduciary Funds. Amended estimated resources should be submitted to the County if it is deemed the actual receipts will be much less than the budgeted due to a change in funding estimates.

Contrary to Ohio Revised Code 5705.41, the Village did not properly appropriate the total amount of expenditures, in turn the budgetary expenditures exceeded the appropriation authority as of December 31, 2008 in the General Fund by \$238,477, the Special Revenue Funds by \$102,254, and the Enterprise Funds by \$2,086.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**NOTE 3 - BUDGETARY ACTIVITY:-** (continued)

Budgetary activity for the year ending December 31, 2007 was as follows:

**2007 Budgeted VS. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,616,950	\$ 1,776,852	\$ 159,902
Special Revenue	400,250	392,736	( 7,514)
Debt Service	364,555	353,752	( 10,803)
Capital Project	1,925,301	789,196	( 1,136,105)
Enterprise	1,199,300	1,285,457	86,157
Fiduciary	<u>57,000</u>	<u>44,346</u>	<u>( 12,654)</u>
<b>Total</b>	<b>\$ <u>5,563,356</u></b>	<b>\$ <u>4,642,339</u></b>	<b>\$ <u>( 921,017)</u></b>

**2007 Budgeted VS. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,728,796	\$ 1,840,734	\$ ( 111,938)
Special Revenue	358,871	354,026	4,845
Debt Service	234,555	218,055	16,500
Capital Projects	2,661,664	740,881	1,920,783
Enterprise	1,387,336	1,308,670	78,666
Fiduciary	<u>10,000</u>	<u>5,761</u>	<u>4,239</u>
<b>Total</b>	<b>\$ <u>6,381,222</u></b>	<b>\$ <u>4,468,127</u></b>	<b>\$ <u>1,913,095</u></b>

Contrary to Ohio Revised Code 5705.36, for 2007 the Village did not amend the certification during the year for sources which were available for expenditures from each fund. Therefore, the appropriation measure adopted by the Village Council in accordance with Ohio Revised Code 5705.39 was not effective. In addition, this caused the appropriations to exceed actual resources available during 2007.

Contrary to Ohio Revised Code 5705.36, actual receipts were less than budgeted receipts as of December 31, 2007 by \$7,514 in the Special Revenue Funds, by \$10,803 in the Debt Services Funds, \$1,136,105 in the Capital Projects Funds, and \$12,654 in the Fiduciary Funds. Amended estimated resources should be submitted to the County if it is deemed the actual receipts will be much less than the budgeted due to a change in funding estimates.



**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**NOTE 4 - PROPERTY TAX:-**

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

Tangible personal property tax is assessed 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.

The tangible personal property tax is being phased out over the next year.

**NOTE 5 - DEBT:-**

Debt outstanding at December 31, 2008, was as follows:

	<b>Principal Balance <u>12/31/2008</u></b>
Ohio Water Development Authority Loan 8.31%	\$ 1,108,203
Ohio Water Development Authority MTB Loan for Target Distribution Center 3.0%	704,393
Ohio Water Development Authority Loan 2.75%	2,580,801
Ohio Public Works Commission-Pearl Street Storm Sewer Loan 0%	125,572
Ohio Public Works Commission-Westside Relief Trunk Sewer Loan 0%	125,765
Bank One Leasing-WWTP Clarifier/Basin 3.529%	814,866
Total	<u>\$ 5,459,600</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 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 with the final payment due on July 1, 2014. The loan is collateralized by water and sewer receipts. During 2003, the Village received an interest rate subsidy that decreases the interest rate to 7.00% from 8.31%. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2008 and 2007, the total outstanding balances were \$1,108,203 and \$1,246,598, respectively.

During 1994, the Village entered into a loan agreement with OPWC for the reconstruction of a street storm sewer. The original loan amount was \$418,573. The loan bears an interest rate of 0.0% and is to be paid back over 20 years in semiannual installments of \$10,464. Payments on the outstanding balance began in 1994 and the final payment will be due July 1, 2014. As of December 31, 2008 and 2007, the total outstanding balances were \$125,572 and \$146,500, respectively. The payments for this loan were originally coming from the Debt Service Fund; however, due to improper transfers made during 2006 and 2005, payments are now being made from the Enterprise Funds. The financial statements represent payments coming from the Enterprise Funds.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**NOTE 5 - DEBT**:- (continued)

During 1995, the Village entered into a loan agreement with OPWC for the reconstruction of a relief trunk sewer. The original loan amount was \$451,600. The loan bears an interest rate of 0.0% and is to be paid back over 20 years in semiannual installments of \$8,983. Payments on the outstanding balance began in 1995 and the final payment will be due July 1, 2015. As of December 31, 2008 and 2007, the total outstanding balances were \$125,765 and \$143,731, respectively. The payments for this loan were originally coming from the Debt Service Fund; however, due to improper transfers made during 2006 and 2005, payments are now being made from the Enterprise Funds. The financial statements represent payments coming from the Enterprise Funds.

During 2004, the Village entered into a loan agreement with OWDA. The financing was used to construct a 250,000 gallon water tower and water and sewer line installation for the Target Distribution Center. The original amount encumbered was \$1,100,000. However, only \$704,393 was disbursed and used for the project. The loan bears an interest rate of 3.0% and is to be paid back over 15 years in semiannual installments. Semiannual payments of interest only are to be made from July 1, 2004 until July 1, 2008. Semiannual payments of principal and interest begin January 1, 2009 and the final payment will be due July 1, 2018.

During 2003, the Village entered into a lease with Bank One Leasing Corp for a clarifier basin. The original amount of the lease was \$1,500,000. The lease bears an interest rate of 3.529% and is to be paid back over 10 years in annual installments of \$180,626. Payments on the outstanding balance began June 16, 2006 and the final payment will be due June 16, 2013. As of December 31, 2008 and 2007, the total outstanding balances were \$814,866 and \$961,558, respectively. The payments for this loan were originally coming from the Debt Service Fund; however, due to improper transfers made during 2007, 2006 and 2005, payments during 2008 and future have begun to be paid out of the Capital Projects Fund.

During 2007, the Village entered into a loan agreement with OWDA. The financing was used for water treatment plant improvements. The original amount encumbered was \$2,838,245. The loan bears an interest rate of 2.75% and is to be paid back over 20 years in semiannual installments. Semiannual payments of principal and interest begin January 1, 2009 and the final payment will be due July 1, 2028. As of December 31, 2008 and 2007, the total outstanding balances were \$2,580,801 and \$470,876, respectively.

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

Year Ending December 31	OWDA Loan	OWDA Loan	Ohio Public Works Commission Loan	Ohio Public Works Commission Loan	Bank One Leasing	Total
2009	\$ 241,987	\$ 82,056	\$ 17,966	\$ 20,929	\$ 180,626	\$ 543,564
2010	241,987	82,056	17,966	20,929	180,626	543,564
2011	241,987	82,055	17,966	20,929	180,626	543,563
2012	241,987	82,056	17,966	20,929	180,626	543,564
2013	241,987	82,056	17,966	20,929	180,626	543,564
2014 - 2018	241,987	410,279	35,935	20,927	0	709,128
<b>Total</b>	1,451,922	820,558	125,765	125,572	903,130	3,426,947
Less interest expense	343,719	116,165	0	0	88,264	548,148
Principal on above loans	\$ 1,108,203	\$ 704,393	\$ 125,765	\$ 125,572	\$ 814,866	\$ 2,878,799
2007 OWDA loan (no amortization available)						2,580,801
<b>Total principal</b>						<b>\$ 5,459,600</b>

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**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 amounted to \$1,658,478 in 2008 and \$1,521,054 in 2007.

**NOTE 7 - RETIREMENT SYSTEMS:-**

The Village's 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 2008 and 2007, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. For 2008 and 2007, PERS members contributed 10.0% and 9.5% of their gross salaries, respectively. The Village contributed an amount equal to 14.0% and 13.85% of participants' gross salaries for 2008 and 2007, respectively. The Village has paid all contributions required through December 31, 2008.

**NOTE 8 - RISK MANAGEMENT:-**

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**NOTE 8 - RISK MANAGEMENT**:- (continued)

**Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007:

	<b>2008</b>		<b>2007</b>
Assets	\$ 35,769,535	\$	37,560,071
Liabilities	( 15,310,206)	(	17,340,825)
Net Assets	\$ 20,459,329	\$	20,219,246

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Government's share of these unpaid claims collectible in future years is approximately \$26,338.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**Contributions to PEP**

2007	\$	33,937
2008	\$	27,153

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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



**Independent Accountants' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Required by *Government Auditing Standards***

Village Council  
Village of West Jefferson  
Madison County

We were engaged to audit the financial statements of the Village of West Jefferson, Madison County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, and have issued a disclaimer of opinion due to undeterminable posting errors, unreconciled balances, and lack of documentation, within our report thereon dated October 15, 2010. We noted the Village had followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected.

We consider findings 2008-001, 2008-003 and 2008-007 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2008-001, 2008-003 and 2008-007 described in the accompanying schedule of findings to be significant deficiencies.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated October 15, 2010.

## Compliance and Other Matters

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2008-002, 2008-004, 2008-005, 2008-006, and 2008-008.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 15, 2010.

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

We intend this report solely for the information and use of the audit committee, management, and the Village Council. We intend it for no one other than these specified parties.



Certified Public Accountants

October 15, 2010

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2008-001</b>
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**Significant Deficiency - Material Weakness - Internal Control and Review Procedures**

Although the Council Members receive and review a select number of reports from the Finance Director of the Village for approval on a monthly basis, the Village has not established formal procedures to reasonably assure completeness, and accuracy of the monthly reporting. During our testing and analysis, we noted that the Village Council is not reviewing the numerical check sequence prior to signing the checks. In addition, they are not reviewing the bank statement for proper inclusion of authorized expenditures within the cancelled checks or electronic fund withdraws.

The Village should carefully review this information and make appropriate inquires to help determine the integrity of the financial information. When performing such review, the officials' signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the officials' thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Council each month.

**Officials' Response**

The Village's Finance Director will consider providing additional reports including a list of checks monthly to the Council for their review and signatures.

<b>Finding Number</b>	<b>2008-002</b>
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**Noncompliance Citation – Prior Certification of Expenditures**

Ohio Revised Code, Section 5705.41 (D) requires that no orders or contracts involving the expenditures of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

It was noted during the audit that expenditures by the Village were not certified in a timely manner.

Without timely certification, the Village may expend more funds than available in the treasury, in the process of collection or than funds appropriated.

We recommend that the Village implement a policy and procedure for contracts involving the expenditure of money be timely certified to insure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village should issue approved purchase orders and consider using blanket and super blanket purchase orders and/or "Then and Now" certificates where applicable.

**Officials' Response**

During 2008, the Village implemented new financial software (UAN) and began using the purchase order system within the UAN software.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

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

<b>Finding Number</b>	<b>2008-003</b>
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**Significant Deficiency – Material Weakness - Reconciliation of Bank to Book Balances**

A bank to book reconciliation should be performed monthly and reviewed and approved by an individual with appropriate fiscal authority. Reconciling items should be identified and adjusted at the time the reconciling item or error is discovered. Reconciliations should include all bank accounts and book balances.

The Village failed to perform accurate or timely reconciliations throughout the fiscal year. Reconciliations performed denoted that the bank to book balances were reconciled; however, the reconciliations failed to include complete bank accounts and reconciling items, including outstanding checks and deposits in transit, as well as other miscellaneous unreconciled items.

Unreconciled bank to book balances has lead to a disclaimer of opinion on the Village’s financial statements and inaccurate financial reports being provided to Council to aid in management decisions. In addition, unreconciled balances could lead to errors or irregularities to occur and go undetected by management.

We recommend the Village reconcile all bank accounts to the books on a timely basis. In this process, all reconciling items or errors should be identified and included on the face of the reconciliation. All unreconciled balances should be researched in order to find the known source of the error. All errors should be corrected on the Village’s ledgers following the completion of the reconciliation. As a monitoring control, we recommend the monthly bank reconciliation be reviewed and approved by an individual with appropriate fiscal authority.

**Official’s Response:**

The Village is aware of the difference in the cash fund balance as of December 31, 2008 and 2007. Subsequent to year end, the Village has contracted with a third party to reconstruct the Village’s books in order to correct the unreconciled differences and will continue its efforts to reconcile the bank account during the current year.

<b>Finding Number</b>	<b>2008-004</b>
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**Noncompliance Citation – Amending or Supplementing Appropriations**

Ohio Revised Code, Section 5705.40, states that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. However, no appropriation may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations against them. Transfers may be made by resolution or ordinance from one appropriation item to another.

During our compliance testing procedures, we noted that the Village amended and supplemented appropriations internally, but did not certify the amended appropriations with the county budget commission. We recommend that the Village submit any amendments to the county for approval.

**Officials’ Response**

The Village is aware of this issue and will attempt to monitor and modify the procedures to properly file an amended appropriation throughout the year with the County Auditor as deemed necessary.



**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

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

<b>Finding Number</b>	<b>2008-005</b>
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**Noncompliance Citation – Amending Certificates of Estimated Resources**

Ohio Revised Code, Section 5705.36, allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

During our compliance testing, we noted that the Village did not amend estimated resources as outlined above. We recommend that the Fiscal Officer monitor estimated resources throughout the year and obtain amendments from the county budget commission as necessary.

**Officials’ Response**

The Village is aware of this issue and will attempt to monitor and modify the Village’s procedures to properly obtain amendments for the estimated resources as deemed necessary.

<b>Finding Number</b>	<b>2008-006</b>
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**Noncompliance Citation – Appropriations Exceeding Estimated Resources**

Ohio Revised Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue as certified by the county budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The Village’s appropriations exceeded estimated resources as of December 31, 2008 and 2007, as outlined in Note 3 of the financial statements.

We recommend the Village Council and Fiscal Officer periodically review the Village’s appropriations versus certified estimated resources to identify and investigate any variances and to help monitor legal compliance. The Village officials should ensure that the Village has properly prepared and submitted all required budgetary documents to the county auditor. Also, each time appropriations are adopted or amended, the Village should ensure the certificate of the County Auditor is received indicating appropriations do not exceed certified resources.

**Officials’ Response**

When supplemental appropriations are approved by the Village Council the Fiscal Officer will submit the appropriate paperwork with the County Auditor.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

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

<b>Finding Number</b>	<b>2008-007</b>
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**Significant Deficiency – Material Weakness – Posting Errors**

During revenue and expenditure testing, we noted instances of revenues and expenditures that were not recorded to the proper fund nor were they recorded in a timely manner. Also, several line items were not consistently classified from year to year.

The proper posting of revenues and expenditures are essential to ensure that funds are not over drawn and to ensure that the budget process is working properly and is a useful tool for management.

Procedures should be adopted to ensure that the Village posts revenues and expenditures timely and to the proper accounts during the year. We also recommend a more in depth review of the daily postings to help prevent some of these errors from occurring. The Village should verify that the report is mathematically accurate and it is in agreement with all of the Village's detail. The Village should better utilize handbooks to assist with the verification of proper account codes and classification in the preparation of the annual report and recording of daily activities.

**Official's Response:**

The Village is aware of this issue and will attempt to monitor and modify the Village's procedures to properly record expenditures and revenues and to record them in a more timely manner.

<b>Finding Number</b>	<b>2008-008</b>
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**Non Compliance Citation - Expenditures Exceed Appropriations**

Ohio Revised Code, Section 5705.41 (B), requires that no subdivision or taxing unit is to expend money unless it has been appropriated. In addition, Section 5705.41 (C) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

During compliance testing for 2008 and 2007, it was noted that the budgetary expenditures exceeded appropriations throughout the year within the General Fund and the Enterprise Funds. This condition limits the effectiveness of the Village's compliance and budgetary controls and may result in overspending of the available funds. To prevent this from occurring, we recommend the Fiscal Officer properly budget to the appropriate funds within the General Fund and the Enterprise Fund types. In addition, Council should approve all increases to appropriations through a resolution and the Fiscal Officer then prepares an amendment to the original appropriation of expenditures.

**Officials' Response**

The Village is aware of this issue and will attempt to monitor and modify the Village's procedures to properly obtain amendments for the appropriations as deemed necessary.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2006-001	Significant Deficiency- Internal Control and Review Procedures	No	Not Corrected. Reported as finding 2008-001.
2006-002	ORC 5705.41 (D) - Failure to properly use fiscal certificates	No	Not Corrected. Reported as finding 2008-002.
2006-003	ORC 5705.14, 5705.15, and 5705.16 - Unallowable transfers	No	Repeated in management letter.
2006-004	Significant Deficiency- Material Weakness- Reconciliation of Bank to Book balances	No	Not Corrected. Reported as finding 2008-003.
2006-005	ORC 5705.40 - Amending or Supplementing Appropriations	No	Not Corrected. Reported as finding 2008-004.
2006-006	ORC 5705.36 - Amending Certificates of Estimated Resources	No	Not Corrected. Reported as finding 2008-005.
2006-007	ORC 5705.39 - Appropriations Exceeding Estimated Resources	No	Not Corrected. Reported as finding 2008-006.

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**Mary Taylor, CPA**  
Auditor of State

**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  
DECEMBER 21, 2010**