

**VILLAGE OF JEFFERSON
ASHTABULA COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009**

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



Dave Yost • Auditor of State

Members of Council
Village of Jefferson
27 East Jefferson Street
Jefferson, Ohio 44047

We have reviewed the *Independent Accountants' Report* of the Village of Jefferson, Ashtabula County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2009 through December 31, 2010. 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 Jefferson is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

October 10, 2011

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**VILLAGE OF JEFFERSON
ASHTABULA COUNTY, OHIO
AUDIT REPORT
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

To the Members of the Village Council
Village of Jefferson

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Jefferson, Ashtabula County, Ohio, (the Village) as of and for the years ended December 31, 2010 and 2009, 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 of Jefferson, Ohio'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 Village has prepared these financial statements and notes using the cash basis of accounting. 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Jefferson, Ohio, as of December 31, 2010 and 2009, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, the Safety Services Fund, and the Capital Improvement Special Revenue Fund, thereof for the years then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2011, on our consideration of the Village of Jefferson, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 for 2010 and pages 21 through 27 for 2009 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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

July 29, 2011

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

The discussion and analysis of the Village of Jefferson's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2010, 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 2010 are as follows:

- Net assets of governmental activities decreased \$66,849, or 10.4 percent, a significant change from the prior year.
- The Village's general receipts are primarily property and other local taxes. These receipts represent 68.2 percent of total cash received for governmental activities.
- The Village's business-type activities are refuse, sewer, and waste water treatment. Net assets decreased by \$3,811, or 2.6 percent. The Village's total receipts for business-type activities decreased by \$245,665 in 2010, as new loan proceeds were received

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 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 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 Government as a Whole

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Village.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)

The Statement of Net Assets and Statement of Activities for 2010 reflect how the Village did financially within the limitations of the cash basis of 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 services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function and 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, these changes are 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, consideration should be given to other nonfinancial factors as well, such as the Village's tax base, 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 other local taxes.

In the Statement of Net Assets and the Statement of Activities, the Village's financial statements are divided into two types of activities.

- *Governmental Activities* - Most of the Village's basic services are reported here, including Police, Fire, EMS, streets, and parks. Property and other local 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 three business-type activities: sewer, refuse collection, and waste water treatment. Business-type activities are financed by a fee charged to the customers receiving the service.

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 two categories: governmental and proprietary.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)

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 nonmajor 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 for 2010 are the General Fund, the Mulberry Street Paving Fund, the Safety Services Fund, and the Capital Improvement Special Revenue Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Village reports on the cash basis.

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 three major enterprise funds, which are the Sewer Fund, the Waste Water Treatment Fund, and the Refuse Fund.

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2010 compared to 2009 on the cash basis.

Table 1 - Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 575,842	\$ 642,691	\$ 140,899	\$ 144,710	\$ 716,741	\$ 787,401
Total Assets	<u>575,842</u>	<u>642,691</u>	<u>140,899</u>	<u>144,710</u>	<u>716,741</u>	<u>787,401</u>
<u>Net Assets</u>						
Restricted for:						
Capital Projects	4,203	4,090	0	0	4,203	4,090
Debt Services	15,102	13,711	0	0	15,102	13,711
Other Purposes	381,291	433,846	0	0	381,291	433,846
Unrestricted	<u>175,246</u>	<u>191,044</u>	<u>140,899</u>	<u>144,710</u>	<u>316,145</u>	<u>335,754</u>
Total Net Assets	<u>\$ 575,842</u>	<u>\$ 642,691</u>	<u>\$ 140,899</u>	<u>\$ 144,710</u>	<u>\$ 716,741</u>	<u>\$ 787,401</u>

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)

Table 2 reflects the changes in net assets in 2010 compared to 2009.

Table 2 - Change in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Receipts						
Program Receipts:						
Charges for Services	\$ 317,881	\$ 338,839	\$ 722,145	\$ 721,838	\$1,040,026	\$1,060,677
Operating Grants and Contributions	231,879	193,721	33,629	35,916	265,508	229,637
Capital Grants and Contributions	170,868	119,359	0	0	170,868	119,359
Total Program Receipts	720,628	651,919	755,774	757,754	1,476,402	1,409,673
General Receipts:						
Property and Other Local Taxes	1,849,463	1,830,386	0	0	1,849,463	1,830,386
Grants and Entitlements, Not Restricted	91,461	92,796	0	0	91,461	92,796
Proceeds for Loans/Notes	0	180,404	0	243,685	0	424,089
Sales of Capital Assets	301	0	0	0	301	0
Earnings on Investments	668	4,211	0	0	668	4,211
Miscellaneous	48,168	17,504	0	0	48,168	17,504
Total General Receipts	1,990,061	2,125,301	0	243,685	1,990,061	2,368,986
Total Receipts	2,710,689	2,777,220	755,774	1,001,439	3,466,463	3,778,659
Disbursements						
General Government	480,698	596,355	0	0	480,698	596,355
Security of Persons and Property	749,354	749,922	0	0	749,354	749,922
Leisure Time Activities	234,384	225,153	0	0	234,384	225,153
Community Environment	21,813	15,103	0	0	21,813	15,103
Basic Utility Services	96,676	136,277	0	0	96,676	136,277
Transportation	785,022	856,877	0	0	785,022	856,877
Capital Outlay	179,887	164,316	0	0	179,887	164,316
Debt Service:						
Principal Retirement	133,814	62,809	152,527	117,050	286,341	179,859
Interest and Fiscal Charges	75,890	63,901	48,517	52,444	124,407	116,345
Sewer	0	0	72,143	380,915	72,143	380,915
Refuse	0	0	124,816	121,231	124,817	121,231
Wastewater Treatment	0	0	381,582	382,644	381,581	382,644
Total Disbursements	2,757,538	2,870,713	779,585	1,054,284	3,537,123	3,924,997
Excess (Deficiency) of Receipts Over (Under) Disbursements before Transfers	(46,849)	(93,493)	(23,811)	(52,845)	(70,660)	(146,338)
Transfers	(20,000)	(35,000)	20,000	35,000	0	0
Increase (Decrease) in Net Assets	(66,849)	(128,493)	(3,811)	(17,845)	(70,660)	(146,338)
Net Assets at Beginning of Year	642,691	771,184	144,710	162,555	787,401	933,739
Net Assets at End of Year	\$ 575,842	\$ 642,691	\$ 140,899	\$ 144,710	\$ 716,741	\$ 787,401

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)

Program receipts represent 43 percent of total receipts for 2010. They are primarily comprised of sewer, refuse, and waste water treatment fees. Intergovernmental receipts such as motor vehicle license fees, gas tax money, license and permits, and charges to local governments for fire and EMS services are included. Program receipts increased by \$66,729 or 5 percent compared to the prior year. This was primarily due to an increase in capital grants.

General receipts represent 57 percent of the Village's total receipts for 2010. Property and other local taxes represent 93 percent of the general receipts. Grants and entitlements, along with miscellaneous receipts, make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources. General receipts decreased by \$378,925 or 16 percent compared to the prior year. This was mainly attributed to a decrease in proceeds received from loans and notes.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for other Village activities. These include the costs of Council, Mayor, Village Administrator, Solicitor, and Clerk, as well as internal services such as payroll and purchasing. Disbursements for general government decreased by \$115,657 or 19 percent compared to the prior year.

Security of Persons and Property are the costs of police and fire protection; Leisure Time Activities are the costs of maintaining the parks; Community Environment are the costs of regulating the construction of new and existing residential and commercial property; Basic Utility Services are costs associated with utilities in the General Fund, and Transportation is the cost of maintaining roads.

Governmental Activities

The first column of the Statement of Activities 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 Transportation, Security of Persons and Property, and General Government. These program disbursements combined account for 72 percent of all governmental disbursements. The next three columns of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service, and for grants received by the Village that must be used to provide a specific service. The "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 service and the net cost is presented in Table 3.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

Table 3 - Comparison of Total Cost and Net Cost of Services

	Total Cost of Services 2010	Net Cost of Services 2010
General Government	\$ 480,698	\$ 235,803
Security of Persons and Property	749,354	674,984
Leisure Time Activities	234,384	10,782
Community Environment	21,813	21,813
Basic Utility Services	96,676	96,676
Transportation	785,022	607,261
Capital Outlay	179,887	179,887
Debt Service:		
Principal Retirement	133,814	133,814
Interest and Fiscal Charges	75,890	75,890
Total Expenses	\$ 2,757,538	\$ 2,036,910

The dependence upon property and other local taxes, along with other general receipts, is apparent, as over 91 percent of the net cost of services for governmental activities are supported through these general receipts.

Business-type Activities

The sewer, waste water treatment operations, and refuse collection of the Village report receipts and cash disbursements that are relatively equal with cash disbursements exceeding receipts by \$3,811 for 2010. The sewer infrastructure is beginning to age and the Village has begun major repairs and the related funding requirements. We have received funding from the OWDA and OPWC to finance capital improvements.

The Village's Funds

Total governmental funds had receipts of \$2,710,388 for 2010 (excluding transfers, advances, and sale of capital assets) and disbursements of \$2,757,538 for 2010 (excluding other financial sources and uses). The most significant change from the prior year is a decrease in general government expense.

The General Fund experienced a slight decrease in fund balance of \$15,798, or 8 percent. This decrease is attributed to a slight decrease in revenues as compared to 2009.

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.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

During 2010, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to increased tax collections. The difference between final budgeted receipts and actual receipts was not significant after Council certified to amend resources.

Final budgeted disbursements for 2010 were \$749,332 (not including other financing uses). Actual disbursements for 2010 were \$721,949. The Village continues to spend less than budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt Administration

At December 31, 2010, the Village had \$1,008,280 in loans with the Ohio Water Development Authority, with \$132,648 due within one year for improvements to water and sewer utilities. The Village had \$699,086 in loans with the Ohio Public Works Commission, with \$40,215 due within one year for improvements to water and sewer utilities, along with road improvements. The Village had General Obligation Bonds in the amount of \$910,000 with \$45,000 due in one year for improvements to the Village recreation facility. These debt obligations are paid from governmental activities and business-type activities. See Note 12 to the financial statements for more detail.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. The Village relies heavily on local taxes and is currently trying to enhance the tax revenue to help cover general expenses. The Village recently borrowed to cover the cost of paving, purchase of equipment, other general projects. The local industries have stabilized over the last five years and we predict that the increase will stay steady, if not grow even more.

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 Patricia Fisher, Treasurer, Village of Jefferson, 27 East Jefferson Street, Jefferson, Ohio 44047.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010**

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 575,842	\$ 140,899	\$ 716,741
Total Assets	<u>575,842</u>	<u>140,899</u>	<u>716,741</u>
<u>Net Assets</u>			
Restricted for:			
Capital Projects	4,203	0	4,203
Debt Service	15,102	0	15,102
Other Purposes	381,291	0	381,291
Unrestricted	<u>175,246</u>	<u>140,899</u>	<u>316,145</u>
Total Net Assets	<u>\$ 575,842</u>	<u>\$ 140,899</u>	<u>\$ 716,741</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 480,698	\$ 50,048	\$ 194,847	\$ 0	\$ (235,803)	\$ 0	\$ (235,803)
Security of Persons and Property	749,354	74,370	0	0	(674,984)	0	(674,984)
Leisure Time Activities	234,384	193,463	30,139	0	(10,782)	0	(10,782)
Community Environment	21,813	0	0	0	(21,813)	0	(21,813)
Basic Utility Services	96,676	0	0	0	(96,676)	0	(96,676)
Transportation	785,022	0	6,893	170,868	(607,261)	0	(607,261)
Capital Outlay	179,887	0	0	0	(179,887)	0	(179,887)
Debt Service:							
Principal Retirements	133,814	0	0	0	(133,814)	0	(133,814)
Interest and Fiscal Charges	75,890	0	0	0	(75,890)	0	(75,890)
Total Governmental Activities	<u>2,757,538</u>	<u>317,881</u>	<u>231,879</u>	<u>170,868</u>	<u>(2,036,910)</u>	<u>0</u>	<u>(2,036,910)</u>
Business-type Activities							
Sewer	273,187	275,088	0	0	0	1,901	1,901
Refuse	124,816	119,243	0	0	0	(5,573)	(5,573)
Waste Water Treatment	381,582	361,443	0	0	0	(20,139)	(20,139)
Total Business-type Activities	<u>779,585</u>	<u>755,774</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(23,811)</u>	<u>(23,811)</u>
Total Primary Government	<u>\$ 3,537,123</u>	<u>\$ 1,073,655</u>	<u>\$ 231,879</u>	<u>\$ 170,868</u>	<u>(2,036,910)</u>	<u>(23,811)</u>	<u>(2,060,721)</u>
General Receipts							
Property and Other Local Taxes					1,849,463	0	1,849,463
Grants and Entitlements Not Restricted to Special Programs					91,461	0	91,461
Sale of Capital Assets					301	0	301
Earnings on Investments					668	0	668
Miscellaneous					48,168	0	48,168
Transfers					<u>(20,000)</u>	<u>20,000</u>	<u>0</u>
Total General Receipts and Transfers					<u>1,970,061</u>	<u>20,000</u>	<u>1,990,061</u>
Change in Net Assets					(66,849)	(3,811)	(70,660)
Net Assets at Beginning of Year					642,691	144,710	787,401
Net Assets at End of Year					<u>\$ 575,842</u>	<u>\$ 140,899</u>	<u>\$ 716,741</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF CASH ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	General	Safety Services	Capital Improvement Special Revenue	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 175,246	\$ 45,435	\$ 43,418	\$ 311,743	\$ 575,842
Total Assets	<u>\$ 175,246</u>	<u>\$ 45,435</u>	<u>\$ 43,418</u>	<u>\$ 311,743</u>	<u>\$ 575,842</u>
Fund Balances					
Reserved for Encumbrances	\$ 10,405	\$ 825	\$ 3,921	\$ 33,385	\$ 48,536
Unreserved:					
Undesignated, Reported in:					
General Fund	164,841	0	0	0	164,841
Special Revenue Funds	0	44,610	39,497	252,673	336,780
Capital Projects Funds	0	0	0	10,583	10,583
Debt Service Funds	0	0	0	15,102	15,102
Total Fund Balances	<u>\$ 175,246</u>	<u>\$ 45,435</u>	<u>\$ 43,418</u>	<u>\$ 311,743</u>	<u>\$ 575,842</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Safety Services	Capital Improvement Special Revenue	Mulberry Street Paving	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 658,621	\$ 423,741	\$ 423,705	\$ 0	\$ 343,396	\$ 1,849,463
Intergovernmental	91,461	0	46,067	124,801	224,986	487,315
Special Assessments	0	0	6,893	0	0	6,893
Charges for Services	159	0	0	0	267,674	267,833
Fines, Licenses, and Permits	39,093	0	0	0	10,955	50,048
Earnings on Investments	648	0	0	0	20	668
Miscellaneous	13,654	9,229	6,909	0	18,376	48,168
Total Receipts	<u>803,636</u>	<u>432,970</u>	<u>483,574</u>	<u>124,801</u>	<u>865,407</u>	<u>2,710,388</u>
Disbursements						
Current:						
General Government	463,769	0	16,929	0	0	480,698
Security of Persons and Property	129,638	397,111	0	0	222,605	749,354
Leisure Time Activities	0	0	0	0	234,384	234,384
Community Environment	0	0	21,813	0	0	21,813
Basic Utility Services	0	0	0	0	96,676	96,676
Transportation	118,137	8,246	334,897	125,216	198,526	785,022
Capital Outlay	0	39,723	81,043	0	59,121	179,887
Debt Services:						
Principal Retirements	0	0	40,500	0	93,314	133,814
Interest and Fiscal Charges	0	0	50,285	0	25,605	75,890
Total Disbursements	<u>711,544</u>	<u>445,080</u>	<u>545,467</u>	<u>125,216</u>	<u>930,231</u>	<u>2,757,538</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>92,092</u>	<u>(12,110)</u>	<u>(61,893)</u>	<u>(415)</u>	<u>(64,824)</u>	<u>(47,150)</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	0	301	0	0	0	301
Transfers In	0	28,000	0	0	76,388	104,388
Transfers Out	(124,388)	0	0	0	0	(124,388)
Advances In	16,498	0	0	0	0	16,498
Advances Out	0	0	0	0	(16,498)	(16,498)
Total Other Financing Sources (Uses)	<u>(107,890)</u>	<u>28,301</u>	<u>0</u>	<u>0</u>	<u>59,890</u>	<u>(19,699)</u>
Net Change in Fund Balances	(15,798)	16,191	(61,893)	(415)	(4,934)	(66,849)
Fund Balance at Beginning of Year	<u>191,044</u>	<u>29,244</u>	<u>105,311</u>	<u>415</u>	<u>316,677</u>	<u>642,691</u>
Fund Balance at End of Year	<u>\$ 175,246</u>	<u>\$ 45,435</u>	<u>\$ 43,418</u>	<u>\$ 0</u>	<u>\$ 311,743</u>	<u>\$ 575,842</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Receipts</u>				
Property and Other Local Taxes	\$ 610,007	\$ 664,290	\$ 658,621	\$ (5,669)
Charges for Services	147	160	159	(1)
Fines, Licenses, and Permits	36,207	39,429	39,093	(336)
Intergovernmental	84,710	92,248	91,461	(787)
Earnings on Investments	600	654	648	(6)
Miscellaneous	12,646	13,772	13,654	(118)
Total Receipts	<u>744,317</u>	<u>810,553</u>	<u>803,636</u>	<u>(6,917)</u>
<u>Disbursements</u>				
Current:				
General Government	482,623	484,010	467,107	16,903
Transportation	119,880	120,566	119,471	1,095
Security of Persons and Property	140,552	144,756	135,371	9,385
Total Disbursements	<u>743,055</u>	<u>749,332</u>	<u>721,949</u>	<u>27,383</u>
Excess of Receipts Over Disbursements	<u>1,262</u>	<u>61,221</u>	<u>81,687</u>	<u>20,466</u>
<u>Other Financing Sources (Uses)</u>				
Advances In	16,498	16,498	16,498	0
Transfers Out	<u>(124,388)</u>	<u>(124,388)</u>	<u>(124,388)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(107,890)</u>	<u>(107,890)</u>	<u>(107,890)</u>	<u>0</u>
Net Change in Fund Balance	<u>(106,628)</u>	<u>(46,669)</u>	<u>(26,203)</u>	<u>20,466</u>
Fund Balance at Beginning of Year	184,008	184,008	184,008	0
Prior Year Encumbrances Appropriated	<u>7,036</u>	<u>7,036</u>	<u>7,036</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 84,416</u>	<u>\$ 144,375</u>	<u>\$ 164,841</u>	<u>\$ 20,466</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGET BASIS
SAFETY SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Receipts</u>				
Property and Other Local Taxes	\$ 400,000	\$ 444,846	\$ 423,741	\$ (21,105)
Miscellaneous	9,100	9,229	9,229	0
Total Receipts	<u>409,100</u>	<u>454,075</u>	<u>432,970</u>	<u>(21,105)</u>
<u>Disbursements</u>				
Current:				
Security of Persons and Property	403,858	407,156	397,936	9,220
Transportation	8,500	8,500	8,246	254
Capital Outlay	40,000	40,000	39,723	277
Total Disbursements	<u>452,358</u>	<u>455,656</u>	<u>445,905</u>	<u>9,751</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(43,258)	(1,581)	(12,935)	(11,354)
<u>Other Financing Sources</u>				
Transfers In	28,301	28,301	28,301	0
Total Other Financing Sources	<u>28,301</u>	<u>28,301</u>	<u>28,301</u>	<u>0</u>
Net Change in Fund Balance	(14,957)	26,720	15,366	(11,354)
Fund Balance at Beginning of year	25,809	25,809	25,809	0
Prior Year Encumbrances Appropriated	3,435	3,435	3,435	0
Fund Balance at End of Year	<u>\$ 14,287</u>	<u>\$ 55,964</u>	<u>\$ 44,610</u>	<u>\$ (11,354)</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGET BASIS
CAPITAL IMPROVEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Receipts</u>				
Property and Other Local Taxes	\$ 405,358	\$ 425,878	\$ 423,705	\$ (2,173)
Intergovernmental	16,000	40,000	46,067	6,067
Special Assessments	6,000	6,500	6,893	393
Miscellaneous	0	6,000	6,909	909
Total Receipts	<u>427,358</u>	<u>478,378</u>	<u>483,574</u>	<u>5,196</u>
<u>Disbursements</u>				
Current:				
Capital Outlay	0	81,700	81,043	657
Community Environment	22,300	24,100	21,813	2,287
Transportation	353,012	325,427	338,818	(13,391)
General Government	19,970	19,970	16,929	3,041
Debt Service:				
Principal Retirement	40,500	40,500	40,500	0
Interest and Fiscal Charges	64,128	64,128	50,285	13,843
Total Disbursements	<u>499,910</u>	<u>555,825</u>	<u>549,388</u>	<u>6,437</u>
Net Change in Fund Balance	(72,552)	(77,447)	(65,814)	11,633
Fund Balance at Beginning of Year	101,815	101,815	101,815	0
Prior Year Encumbrances Appropriated	<u>3,496</u>	<u>3,496</u>	<u>3,496</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 32,759</u>	<u>\$ 27,864</u>	<u>\$ 39,497</u>	<u>\$ 11,633</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2010**

	<u>Business-Type Activities</u>			<u>Total Enterprise Funds</u>
	<u>Sewer</u>	<u>Refuse</u>	<u>Waste Water Treatment</u>	
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 56,297	\$ 41,508	\$ 43,094	\$ 140,899
Total Assets	<u>56,297</u>	<u>41,508</u>	<u>43,094</u>	<u>140,899</u>
<u>Net Assets</u>				
Unrestricted	<u>56,297</u>	<u>41,508</u>	<u>43,094</u>	<u>140,899</u>
Total Net Assets	<u>\$ 56,297</u>	<u>\$ 41,508</u>	<u>\$ 43,094</u>	<u>\$ 140,899</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND NET ASSETS -
CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-Type Activities			Total Enterprise Funds
	Sewer	Refuse	Waste Water Treatment	
<u>Operating Receipts</u>				
Charges for Services	\$ 263,318	\$ 109,843	\$ 348,984	\$ 722,145
Total Operating Receipts	<u>263,318</u>	<u>109,843</u>	<u>348,984</u>	<u>722,145</u>
<u>Operating Disbursements</u>				
Purchased Services	2,455	0	114,368	116,823
Personal Services	0	5,036	122,588	127,624
Fringe Benefits	0	1,290	67,885	69,175
Contractual Services	8,284	115,822	61,502	185,608
Materials and Supplies	0	2,427	15,197	17,624
Capital Outlay	61,371	0	42	61,413
Other	33	241	0	274
Total Operating Disbursements	<u>72,143</u>	<u>124,816</u>	<u>381,582</u>	<u>578,541</u>
Operating Income (Loss)	<u>191,175</u>	<u>(14,973)</u>	<u>(32,598)</u>	<u>143,604</u>
<u>Non-Operating Receipts (Disbursements)</u>				
Special Assessments	11,770	9,400	12,459	33,629
Transfers In	0	0	20,000	20,000
Principal Payments	(152,527)	0	0	(152,527)
Interest and Fiscal Charges	(48,517)	0	0	(48,517)
Total Non-Operating Receipts (Disbursements)	<u>(189,274)</u>	<u>9,400</u>	<u>32,459</u>	<u>(147,415)</u>
Change in Net Assets	1,901	(5,573)	(139)	(3,811)
Net Assets at Beginning of Year	<u>54,396</u>	<u>47,081</u>	<u>43,233</u>	<u>144,710</u>
Net Assets at End of Year	<u>\$ 56,297</u>	<u>\$ 41,508</u>	<u>\$ 43,094</u>	<u>\$ 140,899</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2010**

	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
	<u>Scholarship Fund</u>	<u>Funds</u>
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$ 383	\$ 25,172
Total Assets	<u>\$ 383</u>	<u>\$ 25,172</u>
<u>Liabilities</u>		
Deposits Held and Due to Others	\$ 0	\$ 25,172
Total Liabilities	<u>0</u>	<u>\$ 25,172</u>
<u>Net Assets</u>		
Held in Trust for Scholarships	<u>\$ 383</u>	

See accompanying notes to the basic financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Private Purpose Trust <u>Scholarship</u> <u>Fund</u>
<u>Additions</u>	
Contributions	\$ <u>0</u>
Total Additions	<u>0</u>
<u>Deductions</u>	<u>0</u>
Change in Net Assets	0
Net Assets at Beginning of Year	<u>383</u>
Net Assets at End of Year	<u><u>\$ 383</u></u>

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

The discussion and analysis of the Village of Jefferson's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009, 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 2009 are as follows:

- Net assets of governmental activities decreased \$128,493, or 16.7 percent, a significant change from the prior year.
- The Village's general receipts are primarily property and other local taxes. These receipts represent 65.9 percent of total cash received for governmental activities.
- The Village's business-type activities are refuse, sewer, and waste water treatment. Net assets decreased by \$17,845, or 11.9 percent. The Village's total receipts for business-type activities decreased by \$27,122 in 2009.

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 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 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 Government as a Whole

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Village.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

The Statement of Net Assets and Statement of Activities for 2009 reflect how the Village did financially within the limitations of the cash basis of 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 services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function and 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, these changes are 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, consideration should be given to other nonfinancial factors as well, such as the Village's tax base, 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 other local taxes.

In the Statement of Net Assets and the Statement of Activities, the Village's financial statements are divided into two types of activities.

- *Governmental Activities* - Most of the Village's basic services are reported here, including Police, Fire, EMS, streets, and parks. Property and other local 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 three business-type activities: sewer, refuse collection, and waste water treatment. Business-type activities are financed by a fee charged to the customers receiving the service.

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 two categories: governmental and proprietary.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

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 nonmajor 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 for 2009 are the General Fund, the Mulberry Street Paving Fund, the Safety Services Fund, and the Capital Special Revenue Improvement Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Village reports on the cash basis.

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 three major enterprise funds, which are the Sewer Fund, the Waste Water Treatment Fund, and the Refuse Fund.

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 on the cash basis.

Table 1 - Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 642,691	\$ 771,184	\$ 144,710	\$ 162,555	\$ 787,401	\$ 933,739
Total Assets	<u>642,691</u>	<u>771,184</u>	<u>144,710</u>	<u>162,555</u>	<u>787,401</u>	<u>933,739</u>
<u>Net Assets</u>						
Restricted for:						
Capital Projects	4,090	42,713	0	0	4,090	42,713
Debt Services	13,711	22,317	0	0	13,711	22,317
Other Purposes	433,846	497,424	0	0	433,846	497,424
Unrestricted	<u>191,044</u>	<u>208,730</u>	<u>144,710</u>	<u>162,555</u>	<u>335,754</u>	<u>371,285</u>
Total Net Assets	<u>\$ 642,691</u>	<u>\$ 771,184</u>	<u>\$ 144,710</u>	<u>\$ 162,555</u>	<u>\$ 787,401</u>	<u>\$ 933,739</u>

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

Table 2 reflects the changes in net assets in 2009 compared to 2008.

Table 2 - Change in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Receipts						
Program Receipts:						
Charges for Services	\$ 338,839	\$ 290,449	\$ 721,838	\$ 756,841	\$1,060,677	\$1,047,290
Operating Grants and Contributions	193,721	31,346	35,916	29,355	229,637	60,701
Capital Grants and Contributions	119,359	544,463	0	0	119,359	544,463
Total Program Receipts	651,919	866,258	757,754	786,196	1,409,673	1,652,454
General Receipts:						
Property and Other Local Taxes	1,830,386	1,952,012	0	0	1,830,386	1,952,012
Grants and Entitlements, not Restricted	92,796	126,711	0	0	92,796	126,711
Proceeds for Loans/Notes	180,404	557,297	243,685	242,166	424,089	799,463
Sales of Capital Assets	0	8,000	0	199	0	8,199
Earnings on Investments	4,211	21,532	0	0	4,211	21,532
Miscellaneous	17,504	121,424	0	0	17,504	121,424
Total General Receipts	2,125,301	2,786,976	243,685	242,365	2,368,986	3,029,341
Total Receipts	2,777,220	3,653,234	1,001,439	1,028,561	3,778,659	4,681,795
Disbursements						
General Government	596,355	529,468	0	0	596,355	529,468
Security of Persons and Property	749,922	806,637	0	0	749,922	806,637
Leisure Time Activities	225,153	240,378	0	0	225,153	240,378
Community Environment	15,103	24,050	0	0	15,103	24,050
Basic Utility Services	136,277	81,135	0	0	136,277	81,135
Transportation	856,877	1,597,275	0	0	856,877	1,597,275
Capital Outlay	164,316	232,962	0	0	164,316	232,962
Debt Service:						
Principal Retirement	62,809	61,789	117,050	113,529	179,859	175,318
Interest and Fiscal Charges	63,901	66,881	52,444	52,270	116,345	119,151
Sewer	0	0	380,915	344,371	380,915	344,371
Refuse	0	0	121,231	116,709	121,231	116,709
Wastewater Treatment	0	0	382,644	416,973	382,644	416,973
Total Disbursements	2,870,713	3,640,575	1,054,284	1,043,852	3,924,997	4,684,427
Excess (Deficiency) of Receipts						
Over (Under) Disbursements before Transfers	(93,493)	12,659	(52,845)	(15,291)	(146,338)	(2,632)
Transfers	(35,000)	0	35,000	0	0	0
Increase (Decrease) in Net Assets	(128,493)	12,659	(17,845)	(15,291)	(146,338)	(2,632)
Net Assets at Beginning of Year	771,184	758,525	162,555	177,846	933,739	936,371
Net Assets at End of Year	\$ 642,691	\$ 771,184	\$ 144,710	\$ 162,555	\$ 787,401	\$ 933,739

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

Program receipts represent 37 percent of total receipts for 2009. They are primarily comprised of sewer, refuse, and waste water treatment fees. Intergovernmental receipts such as motor vehicle license fees, gas tax money, license and permits, and charges to local governments for fire and EMS services are included. Program receipts decreased by \$242,781 or 15 percent compared to the prior year. This was primarily due to a decrease in capital grant receipts in 2009.

General receipts represent 63 percent of the Village's total receipts for 2009. Property and other local taxes represent 75 percent of the general receipts. Grants and entitlements and proceeds from loans make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources. General receipts decreased by \$660,355 or 24 percent compared to the prior year. This was mainly attributed to a decrease in property and other local taxes and lower proceeds received from loans and notes.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for other Village activities. These include the costs of Council, Mayor, Village Administrator, Solicitor, and Clerk, as well as internal services such as payroll and purchasing. Disbursements for general government increased by \$66,887 or 13 percent compared to the prior year.

Security of Persons and Property are the costs of police and fire protection; Leisure Time Activities are the costs of maintaining the parks; Community Environment are the costs of regulating the construction of new and existing residential and commercial property; Basic Utility Services are costs associated with utilities in the General Fund, and Transportation is the cost of maintaining roads.

Governmental Activities

The first column of the Statement of Activities 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 Transportation, Security of Persons and Property, and General Government. These program disbursements combined account for 77 percent of all governmental disbursements. The next three columns of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service, and for grants received by the Village that must be used to provide a specific service. The "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 service and the net cost is presented in Table 3.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Table 3 - Comparison of Total Cost and Net Cost of Services

	Total Cost of Services 2009	Net Cost of Services 2009
General Government	\$ 596,355	\$ 348,797
Security of Persons and Property	749,922	675,533
Leisure Time Activities	225,153	17,493
Community Environment	15,103	15,103
Basic Utility Services	136,277	136,277
Transportation	856,877	734,565
Capital Outlay	164,316	164,316
Debt Service:		
Principal Retirement	62,809	62,809
Interest and Fiscal Charges	63,901	63,901
Total Expenses	\$ 2,870,713	\$ 2,218,794

The dependence upon property and other local taxes, along with other general receipts, is apparent, as over 77 percent of the net cost of services for governmental activities are supported through these general receipts.

Business-type Activities

The waste water treatment operations and the refuse collection of the Village report receipts and cash disbursements that are relatively equal for 2009. The Sewer Fund had cash disbursements exceeding receipts by \$27,570 for 2009. The sewer infrastructure is beginning to age and the Village has begun major repairs and the related funding requirements. The Village has received funding from the OWDA and OPWC to finance capital improvements.

The Village's Funds

Total governmental funds had receipts of \$2,596,816 for 2009 (excluding transfers in and proceeds from notes), and disbursements of \$2,870,713 (excluding other financing sources and uses). The most significant change from the prior year is a large decrease in Transportation, as the Village is in the final stages of various street improvement projects.

The General Fund experienced a slight decrease in fund balance of \$17,686, or 8 percent. This decrease can be attributed to a decrease in property and other local taxes when compared to 2008.

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.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

During 2009, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were less than original budgeted receipts due to projected lower tax collections. The difference between final budgeted receipts and actual receipts was not significant after Council certified to amend resources.

Final budgeted disbursements for 2009 were \$773,060 (not including other financing uses). Actual disbursements for 2009 were \$718,632. The Village continues to spend less than budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt Administration

At December 31, 2009, the Village had \$1,135,167 in loans with the Ohio Water Development Authority, with \$126,887 due within one year for improvements to water and sewer utilities. The Village had \$739,301 in loans with the Ohio Public Works Commission, with \$40,215 due within one year for improvements to water and sewer utilities, along with road improvements. The Village had General Obligation Bonds in the amount of \$955,000 with \$45,000 due in one year for improvements to the Village recreation facility. These debt obligations are paid from governmental activities and business-type activities. See Note 12 to the financial statements for more detail.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. The Village relies heavily on local taxes and is reviewing ways to increase the tax revenue to help cover general expenses. The Village recently borrowed to cover the cost of paving, purchase of equipment, other general projects. The local industries have been stable over the last five years and we predict that the increase will stay steady, if not grow even more.

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 Patricia Fisher, Treasurer, Village of Jefferson, 27 East Jefferson Street, Jefferson, Ohio 44047.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 642,691	\$ 144,710	\$ 787,401
Total Assets	<u>642,691</u>	<u>144,710</u>	<u>787,401</u>
<u>Net Assets</u>			
Restricted for:			
Capital Projects	4,090	0	4,090
Debt Service	13,711	0	13,711
Other Purposes	433,846	0	433,846
Unrestricted	<u>191,044</u>	<u>144,710</u>	<u>335,754</u>
Total Net Assets	<u>\$ 642,691</u>	<u>\$ 144,710</u>	<u>\$ 787,401</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 596,355	\$ 56,790	\$ 190,768	\$ 0	\$ (348,797)	\$ 0	\$ (348,797)
Security of Persons and Property	749,922	74,389	0	0	(675,533)	0	(675,533)
Leisure Time Activities	225,153	207,660	0	0	(17,493)	0	(17,493)
Community Environment	15,103	0	0	0	(15,103)	0	(15,103)
Basic Utility Services	136,277	0	0	0	(136,277)	0	(136,277)
Transportation	856,877	0	2,953	119,359	(734,565)	0	(734,565)
Capital Outlay	164,316	0	0	0	(164,316)	0	(164,316)
Debt Service:							
Principal Retirement	62,809	0	0	0	(62,809)	0	(62,809)
Interest and Fiscal Charges	63,901	0	0	0	(63,901)	0	(63,901)
Total Governmental Activities	<u>2,870,713</u>	<u>338,839</u>	<u>193,721</u>	<u>119,359</u>	<u>(2,218,794)</u>	<u>0</u>	<u>(2,218,794)</u>
Business-type Activities							
Sewer	550,409	279,154	0	0	0	(271,255)	(271,255)
Refuse	121,231	124,370	0	0	0	3,139	3,139
Waste Water Treatment	382,644	354,230	0	0	0	(28,414)	(28,414)
Total Business-type Activities	<u>1,054,284</u>	<u>757,754</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(296,530)</u>	<u>(296,530)</u>
Total Primary Government	<u>\$ 3,924,997</u>	<u>\$ 1,096,593</u>	<u>\$ 193,721</u>	<u>\$ 119,359</u>	<u>(2,218,794)</u>	<u>(296,530)</u>	<u>(2,515,324)</u>
General Receipts							
Property and Other Local Taxes					1,830,386	0	1,830,386
Grants and Entitlements Not Restricted to Special Programs					92,796	0	92,796
Proceeds from Loans					180,404	243,685	424,089
Earnings on Investments					4,211	0	4,211
Miscellaneous					17,504	0	17,504
Transfers					(35,000)	35,000	0
Total General Receipts and Transfers					<u>2,090,301</u>	<u>278,685</u>	<u>2,368,986</u>
Change in Net Assets					(128,493)	(17,845)	(146,338)
Net Assets at Beginning of Year					771,184	162,555	933,739
Net Assets at End of Year					<u>\$ 642,691</u>	<u>\$ 144,710</u>	<u>\$ 787,401</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF CASH ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>General</u>	<u>Safety Services</u>	<u>Capital Improvement Special Revenue</u>	<u>Mulberry Street Paving</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 191,044	\$ 29,244	\$ 105,311	\$ 415	\$ 316,677	\$ 642,691
Total Assets	<u>\$ 191,044</u>	<u>\$ 29,244</u>	<u>\$ 105,311</u>	<u>\$ 415</u>	<u>\$ 316,677</u>	<u>\$ 642,691</u>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 7,036	\$ 3,435	\$ 3,496	\$ 0	\$ 20,150	\$ 34,117
Unreserved:						
Undesignated, Reported in:						
General Fund	184,008	0	0	0	0	184,008
Special Revenue Funds	0	25,809	101,815	0	279,141	406,765
Capital Projects Funds	0	0	0	415	3,675	4,090
Debt Service Funds	0	0	0	0	13,711	13,711
Total Fund Balances	<u>\$ 191,044</u>	<u>\$ 29,244</u>	<u>\$ 105,311</u>	<u>\$ 415</u>	<u>\$ 316,677</u>	<u>\$ 642,691</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	General	Safety Services	Capital Improvement Special Revenue	Mulberry Street Paving	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 643,716	\$ 428,372	\$ 427,826	\$ 0	\$ 330,472	\$ 1,830,386
Intergovernmental	92,796	0	0	0	310,127	402,923
Special Assessments	0	0	2,953	0	0	2,953
Charges for Services	108	0	0	0	281,941	282,049
Fines, Licenses, and Permits	51,410	0	0	0	5,380	56,790
Earnings on Investments	3,932	0	0	131	148	4,211
Miscellaneous	1,947	4,389	7,870	0	3,298	17,504
Total Receipts	<u>793,909</u>	<u>432,761</u>	<u>438,649</u>	<u>131</u>	<u>931,366</u>	<u>2,596,816</u>
Disbursements						
Current:						
General Government	482,652	0	113,703	0	0	596,355
Security of Persons and Property	105,615	445,948	9,805	0	188,554	749,922
Leisure Time Activities	0	0	4,756	0	220,397	225,153
Community Environment	0	0	15,103	0	0	15,103
Basic Utility Services	0	0	0	0	136,277	136,277
Transportation	123,328	5,518	167,786	219,094	341,151	856,877
Capital Outlay	0	33,946	83,894	0	46,476	164,316
Debt Services:						
Principal Retirements	0	0	33,300	0	29,509	62,809
Interest and Fiscal Charges	0	0	52,285	0	11,616	63,901
Total Disbursements	<u>711,595</u>	<u>485,412</u>	<u>480,632</u>	<u>219,094</u>	<u>973,980</u>	<u>2,870,713</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>82,314</u>	<u>(52,651)</u>	<u>(41,983)</u>	<u>(218,963)</u>	<u>(42,614)</u>	<u>(273,897)</u>
Other Financing Sources (Uses)						
Proceeds from Notes	0	0	0	180,404	0	180,404
Transfers In	0	0	0	0	65,000	65,000
Transfers Out	(100,000)	0	0	0	0	(100,000)
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>0</u>	<u>0</u>	<u>180,404</u>	<u>65,000</u>	<u>145,404</u>
Net Change in Fund Balances	(17,686)	(52,651)	(41,983)	(38,559)	22,386	(128,493)
Fund Balance at Beginning of Year	<u>208,730</u>	<u>81,895</u>	<u>147,294</u>	<u>38,974</u>	<u>294,291</u>	<u>771,184</u>
Fund Balance at End of Year	<u>\$ 191,044</u>	<u>\$ 29,244</u>	<u>\$ 105,311</u>	<u>\$ 415</u>	<u>\$ 316,677</u>	<u>\$ 642,691</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Receipts</u>				
Property and Other Local Taxes	\$ 641,011	\$ 630,088	\$ 643,716	\$ 13,628
Charges for Services	108	106	108	2
Fines, Licenses, and Permits	51,194	50,322	51,410	1,088
Intergovernmental	92,406	90,832	92,796	1,964
Earnings on Investments	3,915	3,849	3,932	83
Miscellaneous	1,939	1,906	1,947	41
Total Receipts	<u>790,573</u>	<u>777,103</u>	<u>793,909</u>	<u>16,806</u>
<u>Disbursements</u>				
Current:				
General Government	499,983	501,202	484,225	16,977
Security of Persons and Property	142,367	145,470	110,026	35,444
Transportation	125,592	126,388	124,380	2,008
Total Disbursements	<u>767,942</u>	<u>773,060</u>	<u>718,631</u>	<u>54,429</u>
Excess of Receipts Over Disbursements	<u>22,631</u>	<u>4,043</u>	<u>75,278</u>	<u>71,235</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Net Change in Fund Balance	(77,369)	(95,957)	(24,722)	71,235
Fund Balance at Beginning of Year	202,433	202,433	202,433	0
Prior Year Encumbrances Appropriated	<u>6,297</u>	<u>6,297</u>	<u>6,297</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 131,361</u>	<u>\$ 112,773</u>	<u>\$ 184,008</u>	<u>\$ 71,235</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGET BASIS
SAFETY SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>(Negative)</u>
<u>Receipts</u>				
Property and Other Local Taxes	\$ 460,000	\$ 430,046	\$ 428,372	\$ (1,674)
Miscellaneous	<u>5,100</u>	<u>4,400</u>	<u>4,389</u>	<u>(11)</u>
Total Receipts	<u>465,100</u>	<u>434,446</u>	<u>432,761</u>	<u>(1,685)</u>
<u>Disbursements</u>				
Current:				
Security of Persons and Property	493,784	494,159	483,329	10,830
Transportation	<u>5,600</u>	<u>5,600</u>	<u>5,518</u>	<u>82</u>
Total Disbursements	<u>499,384</u>	<u>499,759</u>	<u>488,847</u>	<u>10,912</u>
Net Change in Fund Balance	(34,284)	(65,313)	(56,086)	9,227
Fund Balance at Beginning of year	81,390	81,390	81,390	0
Prior Year Encumbrances Appropriated	<u>505</u>	<u>505</u>	<u>505</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 47,611</u>	<u>\$ 16,582</u>	<u>\$ 25,809</u>	<u>\$ 9,227</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGET BASIS
CAPITAL IMPROVEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Receipts</u>				
Property and Other Local Taxes	\$ 464,458	\$ 426,258	\$ 427,826	\$ 1,568
Special Assessments	3,000	3,000	2,953	(47)
Miscellaneous	10,000	6,000	7,870	1,870
Total Receipts	<u>477,458</u>	<u>435,258</u>	<u>438,649</u>	<u>3,391</u>
<u>Disbursements</u>				
Current:				
Security of Persons and Property	9,940	9,940	9,805	135
Leisure Time Activities	4,920	4,920	4,920	0
Community Environment	17,300	17,300	16,903	397
Transportation	265,058	266,008	253,212	12,796
General Government	113,499	113,499	113,703	(204)
Debt Service:				
Principal Retirement	33,300	33,300	33,300	0
Interest and Fiscal Charges	65,730	65,730	52,285	13,445
Total Disbursements	<u>509,747</u>	<u>510,697</u>	<u>484,128</u>	<u>26,569</u>
Net Change in Fund Balance	(32,289)	(75,439)	(45,479)	29,960
Fund Balance at Beginning of year	143,916	143,916	143,916	0
Prior Year Encumbrances Appropriated	<u>3,378</u>	<u>3,378</u>	<u>3,378</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 115,005</u>	<u>\$ 71,855</u>	<u>\$ 101,815</u>	<u>\$ 29,960</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2009**

	<u>Business-Type Activities</u>			Total Enterprise Funds
	<u>Sewer</u>	<u>Refuse</u>	<u>Waste Water Treatment</u>	
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 54,396	\$ 47,081	\$ 43,233	\$ 144,710
Total Assets	<u>54,396</u>	<u>47,081</u>	<u>43,233</u>	<u>144,710</u>
<u>Net Assets</u>				
Unrestricted	<u>54,396</u>	<u>47,081</u>	<u>43,233</u>	<u>144,710</u>
Total Net Assets	<u>\$ 54,396</u>	<u>\$ 47,081</u>	<u>\$ 43,233</u>	<u>\$ 144,710</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND NET ASSETS -
CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-Type Activities			Total Enterprise Funds
	Sewer	Refuse	Waste Water Treatment	
<u>Operating Receipts</u>				
Charges for Services	\$ 267,731	\$ 115,652	\$ 338,455	\$ 721,838
Total Operating Receipts	<u>267,731</u>	<u>115,652</u>	<u>338,455</u>	<u>721,838</u>
<u>Operating Disbursements</u>				
Purchased Services	0	0	113,002	113,002
Personal Services	0	4,805	133,597	138,402
Fringe Benefits	0	1,472	71,308	72,780
Contractual Services	26,249	114,671	45,080	186,000
Materials and Supplies	37,401	0	19,657	57,058
Capital Outlay	317,265	0	0	317,265
Other	0	283	0	283
Total Operating Disbursements	<u>380,915</u>	<u>121,231</u>	<u>382,644</u>	<u>884,790</u>
Operating Income (Loss)	<u>(113,184)</u>	<u>(5,579)</u>	<u>(44,189)</u>	<u>(162,952)</u>
<u>Non-Operating Receipts (Disbursements)</u>				
Special Assessments	11,423	8,718	15,775	35,916
Transfers In	0	0	35,000	35,000
Principal Payments	(117,050)	0	0	(117,050)
Interest and Fiscal Charges	(52,444)	0	0	(52,444)
Proceeds from Loans	243,685	0	0	243,685
Total Non-Operating Receipts (Disbursements)	<u>85,614</u>	<u>8,718</u>	<u>50,775</u>	<u>145,107</u>
Change in Net Assets	<u>(27,570)</u>	<u>3,139</u>	<u>6,586</u>	<u>(17,845)</u>
Net Assets at Beginning of Year	<u>81,966</u>	<u>43,942</u>	<u>36,647</u>	<u>162,555</u>
Net Assets at End of Year	<u>\$ 54,396</u>	<u>\$ 47,081</u>	<u>\$ 43,233</u>	<u>\$ 144,710</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2009**

	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
	<u>Scholarship Fund</u>	<u>Funds</u>
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$ 383	\$ 24,805
Total Assets	<u>\$ 383</u>	<u>\$ 24,805</u>
<u>Liabilities</u>		
Deposits Held and Due to Others	\$ 0	\$ 24,805
Total Liabilities	<u>0</u>	<u>\$ 24,805</u>
<u>Net Assets</u>		
Held in Trust for Scholarships	<u>\$ 383</u>	

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Private Purpose Trust <u>Scholarship Fund</u>
<u>Additions</u>	
Contributions	\$ 100
Total Additions	<u>100</u>
<u>Deductions</u>	<u>0</u>
Change in Net Assets	100
Net Assets at Beginning of Year	<u>283</u>
Net Assets at End of Year	<u><u>\$ 383</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1: **REPORTING ENTITY**

The Village of Jefferson, Ashtabula County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four-year terms. The Mayor is elected to a four-year term. The Village provides refuse (contracted) and sewer utilities, income tax in-house, park operations, and police.

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

A. **Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The Village operates a volunteer fire department operated by income tax money and contracts.

B. **Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and **1)** the Village is able to significantly influence the programs or services performed or provided by the organization; or **2)** the Village is legally entitled to or can otherwise access the organization's resources; **3)** the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or **4)** the Village is obligated for the debt of the organization. The Village does not have any component units.

The Village participates in one public entity risk pool. Note 9 to the financial statements provides additional information for this entity. The organization is:

Public Entity Risk Pool: U.S. Specialty Insurance Company

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

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted (GAAP) in the United States of America. 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 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 balances of the governmental activities 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

VILLAGE OF JEFFERSON, OHIO
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NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. **Basis of Presentation** (Continued)

Government-wide Financial Statements (Continued)

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 a cash basis or draws from the Village's general receipts.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order 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 governmental and proprietary 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 proprietary 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 as follows:

VILLAGE OF JEFFERSON, OHIO
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Fund Accounting** (Continued)

Governmental Funds (Continued)

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

Safety Services Fund - This fund receives property and other local taxes and General Fund transfers to fund police and fire services of the Village.

Capital Improvement Special Revenue Fund - This fund receives property and other local taxes to provide for the necessary street maintenance and improvements of the Village.

Mulberry Street Paving Fund - This fund accounts for the resources used for Mulberry Street paving and improvements.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

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

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 Sewer Fund, the Waste Water Treatment Fund, and the Refuse Fund.

Sewer Fund - This fund receives charges for services to cover the cost of providing sanitary sewers to Village residents and commercial users.

Waste Water Treatment Fund - This fund receives charges to cover the cost of removing contaminants from sewage created by residential and commercial users within the Village for discharge or reuse back into the environment.

VILLAGE OF JEFFERSON, OHIO
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NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Fund Accounting** (Continued)

Proprietary Funds (Continued)

Enterprise Funds (Continued)

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

Internal Service Fund - Internal service funds account for services provided by one department of the Village to another on a cost-reimbursement basis. The Village has no internal service funds.

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. The Village's only trust fund is a private purpose trust, which accounts for money set aside for scholarships. The income from such a fund may be expended, but the principal must remain intact. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village's agency funds are: Unclaimed Funds, Utility Deposits, Bid Performance Bond, Jefferson Marketing Fund, and Recreation rental deposits.

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 the 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 and the related expenses) are not recorded in these financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 and function level for all funds. The General Fund is broken down to show the amount that each department contained within the fund has been appropriated.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. 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 certificate of estimated resources in effect at the time final appropriations were passed by 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 Village Council during the year.

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

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

VILLAGE OF JEFFERSON, OHIO
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Cash and Investments**

During 2010 and 2009, the Village invested in a money market mutual fund and STAROhio. The Village's money market mutual fund is recorded at the amount reported by the financial institutions at December 31, 2010 and 2009.

STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2010 and 2009.

Interest earnings on investments are allocated to Village funds according to State statutes, grant requirements, or debt related requirements. Interest receipts credited to the General Fund during 2010 and 2009 were \$648 and \$3,932, respectively.

F. **Restricted Assets**

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets as of December 31, 2010 and 2009.

G. **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. There was one advance repaid in 2010 for \$16,498 that was repaid to the General Fund from the Radio Grant Fund.

H. **Property, Plant, and Equipment**

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

**VILLAGE OF JEFFERSON, OHIO
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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. **Fund Balance Reserves**

The Village reserves any portion of fund balances which are not available for appropriation or which are legally separate for a specific use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves that have been established for encumbrances were \$48,536 and \$34,117 in the governmental funds for 2010 and 2009, respectively.

NOTE 3: **ACCOUNTABILITY AND COMPLIANCE**

Legal Compliance

Appropriations Exceed Actual Resources - Ohio Revised Code 5705.36 (A)(4) requires the Village to obtain a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation. The following funds had appropriations exceeding actual resources as of December 31, 2009:

Fund No.	<u>Description</u>	<u>Actual Resources</u>	<u>Total Final Appropriations</u>	<u>Variance</u>
<i>Other Governmental Funds</i>				
450	Mulberry Street Paving	\$ 219,509	\$ 394,913	\$ (175,404)
<i>Proprietary (Enterprise) Funds</i>				
260	Elm Street OPWC Grant	50,805	60,000	(9,195)
280	WWTP Road Erosion	8,190	11,000	(2,810)

The actual fund balance for these funds had a positive fund balance as receipts were in excess of disbursements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 4: BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual - Budget Basis presented for the General Fund, the Safety Services Fund, and the Capital Improvement Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The prior and current year encumbrances outstanding at 2010 and 2009 are listed below.

	<u>General Fund</u>		<u>Safety Services Fund</u>		<u>Capital Improvement Special Revenue Fund</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Prior Year Encumbrances	\$ 7,036	\$ 6,297	\$ 3,435	\$ 505	\$ 3,496	\$ 3,378
Current Year Encumbrances	10,405	7,036	825	3,435	3,921	3,496

NOTE 5: DEPOSITS AND INVESTMENTS

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

Active deposits are public monies determined to be necessary to meet current demands on 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.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

Interim monies held by the Village can be deposited or invested in the following securities in accordance with the Village's investment policy:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States, except stripped principal or interest obligations of such eligible obligations;
2. Bonds, notes, debentures, or any other obligations or securities 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. Certificates or deposit or savings or deposit accounts in Council-approved depositories.
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds meeting minimum requirements set forth in Ohio Revised Code Section 135.01(O) and consisting exclusively of Treasury or Federal agency/instrumentality obligations or repurchase agreements secured by such obligations, providing such investments are made only through banks and savings and loan institutions authorized by Ohio Revised Code Section 135.03;
6. The State Treasurer's investment pool (STAROhio); and
7. Written repurchase agreements collateralized as required by the Ohio Revised Code with Treasury or Federal agency/instrumentality obligations made through eligible institutions or eligible dealers. The time period of such agreements may be overnight or within a time period not to exceed thirty (30) days. The market value of the securities subject to the repurchase agreement must exceed the principal value of the term repurchase agreement by 2 percent, and such securities shall be marked to market daily. Up to 25 percent of interim monies available may be invested in commercial paper or bankers' acceptances after meeting requirements specified in Ohio Revised Code Section 135.14(B)(7).

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged by the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the financial institution.

A. Cash on Hand

At December 31, 2010 and December 31, 2009, the Village had \$1,000 in undeposited cash on hand, which is included on the balance sheet of the Village as part of "Equity in Pooled Cash and Cash Equivalents".

B. Deposits

At December 31, 2010 and 2009, the carrying amount of the Village's deposits was \$649,692 and \$520,097, respectively, and the bank balance was \$674,750 and \$631,641, respectively. Of the bank balance, \$436,643 at December 31, 2010, and \$436,098 at December 31, 2009, was covered by Federal Depository Insurance. Although all State statutory requirements for the deposit of money have been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of a 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, 2010 and 2009, \$238,107 and \$195,543, respectively, of the Village's bank balance of \$674,750 and \$631,641, respectively, was exposed to custodial credit risk.

The Village has no depository 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 105 percent of the deposits being secured.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

B. **Deposits** (Continued)

As of December 31, 2010 and 2009, the Village had the following deposits and cash on hand:

	<u>2010</u>	<u>2009</u>
Demand Deposits	\$ 465,571	\$ 336,523
Certificates of Deposit	<u>184,121</u>	<u>183,574</u>
Total Deposits	<u>\$ 649,692</u>	<u>\$ 520,097</u>

C. **Investments**

Interest Rate Risks: Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk: The Village's investments in the money market mutual fund and STAROhio were rated AAAM by Standard and Poor's Investor Services, respectively.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Village's investment in a money market mutual fund, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Village.

At December 31, 2010 and December 31, 2009, the Village had the following cash investments:

<u>Investment Type</u>	<u>2010</u>			<u>2009</u>		
	<u>Carrying Value</u>	<u>Credit Rating</u>	<u>Maturity</u>	<u>Carrying Value</u>	<u>Credit Rating</u>	<u>Maturity</u>
Money Market Account	\$ 33,777	AAAm	< 1 Year	\$ 33,755	AAAm	< 1 Year
STAROhio	<u>57,827</u>	AAAm	< 1 Year	<u>257,737</u>	AAAm	< 1 Year
Total	<u>\$ 91,604</u>			<u>\$ 291,492</u>		

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)**

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to the cash and investments reported on the statement of net assets as of December 31, 2010 and 2009.

	2010	2009
<u>Cash and Investments per Footnote</u>		
Cash on Hand	\$ 1,000	\$ 1,000
Carrying Amount of Deposits	649,692	520,097
Carrying Value of Investments	91,604	291,492
Total Cash and Investments per Footnote	\$ 742,296	\$ 812,589
 <u>Cash and Cash Equivalents per Statement of Net Assets</u>		
Governmental Activities	\$ 575,842	\$ 642,691
Business-Type Activities	140,899	144,710
Fiduciary Funds	25,555	25,188
Total Cash and Cash Equivalents per Statement of Net Assets	\$ 742,296	\$ 812,589

NOTE 6: **INTERFUND TRANSFERS**

During 2010 and 2009, the following transfers were made from the General Fund to the funds listed below.

	2010	2009
Transfers from the General Fund to:		
Safety Services Fund	\$ 28,000	\$ 0
Other Governmental Funds	76,388	65,000
Waste Water Treatment Fund	20,000	35,000
Total Interfund Transfers	\$ 124,388	\$ 100,000

Transfers are used to move revenue from unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization. All transfers are in compliance with Ohio Revised Code Sections 5705.14 - 5705.16.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 7: PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Village. 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.

Real property taxes received in 2010 and 2009 were levied after October 1, 2009 and 2008 on the assessed values as of January 1, 2010 and 2009, the lien date. Assessed values for real property taxes are established by State Statute at 35 percent of appraised market values.

Public utility property tax receipts received in 2010 and 2009 represent the collection of 2009 and 2008 taxes. Public utility real and tangible personal property taxes received in 2010 and 2009 became a lien on December 31, 2009 and 2008, were levied after October 1, 2009 and 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2010 and 2009 (other than public utility property) represent the collection of 2009 and 2008 taxes. Tangible personal property taxes received in 2010 and 2009 were levied after October 1, 2009 and 2008, on the true value as of December 31, 2008 and 2007. Tangible personal property assessments are 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 County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

The full tax rate for 2010 and 2009 Village property tax receipts was \$8.53 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 and 2009 property tax receipts were based are as follows:

VILLAGE OF JEFFERSON, OHIO
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(CONTINUED)

NOTE 7: **PROPERTY TAXES** (Continued)

	2010	2009
Real Property:		
Residential and Agricultural	\$ 39,414,660	\$ 39,379,190
Commercial/Industrial/Mineral	18,513,980	19,707,230
Public Utility Property:		
Real	5,110	5,140
Personal	2,756,130	2,765,360
Tangible Personal Property	0	31,750
Total Assessed Value	\$ 60,689,880	\$ 61,888,670

NOTE 8: **LOCAL INCOME TAX**

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

NOTE 9: **RISK MANAGEMENT**

The Village maintains group-rated comprehensive insurance coverage with private carriers for real property, building contents, vehicles, and general liability risks including public officials' liability.

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010 and 2009, the Village contracted with Love Insurance Agency for various types of insurance as follows:

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 9: RISK MANAGEMENT (Continued)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage Limits</u>	<u>Deductible</u>
Fireman's Fund Ins.	Commercial and Personal Property Coverage (includes Boiler and Machinery coverage)	\$ * 7,347,836	\$ 1,000
	Crime - Employee Dishonesty	25,000	500
	General Liability	1,000,000/2,000,000	0
	Damage to Premises	50,000	0
	Medical Expense	1,000	0
	Stop Gap	1,000,000/1,000,000/1,000,000	0
	Employee Benefits Liability	1,000,000/2,000,000	1,000
	Law Enforcement Liability	1,000,000/2,000,000	1,000
	Public Officials Liability	1,000,000/2,000,000	3,500
	Business Auto Coverage		
	- Auto Liability	1,000,000	0
	Commercial Umbrella	3,000,000	1,000
	Commercial Fraud	10,000	500

* For 2009, the coverage limit was \$7,051,149 for commercial and personal occupancy coverage.

The umbrella policy was acquired to cover losses which exceed the primary coverage limits. Settled claims have not exceeded this coverage for any of the past three years and there have been no significant reductions in insurance coverage from the prior years.

NOTE 10: 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 Pension 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 in nature to the Traditional Pension 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 both the Traditional Pension and the 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, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 10: **DEFINED BENEFIT PENSION PLANS** (Continued)

Ohio Public Employees Retirement System (Continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2009 and 2010, member and employer contribution rates were consistent across all three plans. Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. For 2009 and 2010, the employer contribution rate was 14.0 percent of covered payroll. Contributions are authorized by State statute and the contribution rates are determined actuarially. The Village's required contributions (including post-employment benefits) to OPERS for the years ended December 31, 2010, 2009, and 2008, were \$94,950, \$103,374, and \$99,681, respectively; 100 percent has been contributed for 2010, 2009, and 2008.

Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by the OP&F's Board of Trustees. The OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10.0 percent of their annual covered salary to fund pension obligations and the Village is required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. Contributions are authorized by State statute. The Village's contributions (including post-employment benefits) to the OP&F for police was \$38,614 for the year ended December 31, 2010, \$39,229 for the year ended December 31, 2009, and \$40,900 for the year ended December 31, 2008. The full amount has been contributed for police for 2010, 2009, and 2008.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan. For qualifying members of the Traditional Pension and the Combined Plan, this plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement. Those belonging to the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. The Ohio Revised Code provides statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 and 2009, local government employer units contributed at 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 11: **POST-EMPLOYMENT BENEFITS** (Continued)

Ohio Public Employees Retirement System (Continued)

For 2010, the portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5.0 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. The Village's approximated contributions for 2010 and 2009 which were used to fund post-employment benefits were \$34,513 and \$36,428, respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) on September 9, 2004, and it was effective on January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by the OP&F. OP&F provides health care benefits, including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OP&F provides access to post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F's Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 11: **POST-EMPLOYMENT BENEFITS** (Continued)

Ohio Police and Fire Pension Fund (Continued)

The Ohio Revised Code provides for contributions requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts: One for health care benefits under IRS Code Section 115 trust and the other for Medicare Part B reimbursements administered under the Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the years ended December 31, 2010 and 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The portion of the Village's contributions that was used to pay post-employment benefits for 2010, 2009, and 2008, was \$13,366, \$13,579, and \$14,158 for police.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 12: **DEBT**

Debt outstanding at December 31, 2010 consisted of the following:

	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>12/31/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2010</u>	<u>Principal</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>						
<i><u>General Obligation Bonds</u></i>						
Recreation Facility Bonds	6.60%	\$ 955,000	\$ 0	\$ 45,000	\$ 910,000	\$ 45,000
<i><u>General Obligation Notes</u></i>						
West Cedar Street Special Assessment Notes	4.68%	225,402	0	23,876	201,526	24,993
<i><u>ODOT-State Infrastructure</u></i>						
<i><u>Bank (SIB) Note</u></i>						
West Mulberry Street Improvements	3.00%	448,200	0	50,363	397,837	51,885
<i><u>Ohio Public Works</u></i>						
<i><u>Commission Loans</u></i>						
West Mulberry Street Improvements	0.00%	150,000	0	7,500	142,500	7,500
West Mulberry Street Improvements	0.00%	141,501	0	7,075	134,426	7,075
Capital Lease Obligations	Various	336,156	0	158,627	177,529	151,138
Total Governmental Activities		<u>2,256,259</u>	<u>0</u>	<u>292,441</u>	<u>1,963,818</u>	<u>287,591</u>
<u>Business-Type Activities</u>						
<i><u>Ohio Water Development</u></i>						
<i><u>Authority Loans</u></i>						
Sewer Construction Loans:						
#2298	4.56%	825,966	0	111,862	714,104	117,021
#2299	4.04%	12,962	0	1,781	11,181	1,854
SR 46 Sewer Extension Loans :						
#4741	3.97%	249,730	0	9,363	240,367	9,738
#5339	3.92%	46,509	0	3,881	42,628	4,035
<i><u>Ohio Public Works</u></i>						
<i><u>Commission Loans</u></i>						
Elm Street Lift Station Wastewater Treatment Plant Upgrades	0.00%	35,000	0	5,000	30,000	5,000
	0.00%	412,800	0	20,640	392,160	20,640
Capital Lease Obligations	Various	72,884	0	33,624	39,260	35,417
Total Business-Type Activities		<u>1,655,851</u>	<u>0</u>	<u>186,151</u>	<u>1,469,700</u>	<u>193,705</u>
Total Debt Outstanding		<u>\$ 3,912,110</u>	<u>\$ 0</u>	<u>\$ 478,592</u>	<u>\$ 3,433,518</u>	<u>\$ 481,296</u>

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 12: **DEBT** (Continued)

Debt outstanding at December 31, 2009 consisted of the following:

	Interest Rate	Balance 12/31/2008	Additions	Reductions	Balance 12/31/2009	Principal Due Within One Year
<u>Governmental Activities</u>						
<i>General Obligation Bonds</i>						
Recreation Facility Bonds	6.60%	\$ 995,000	\$ 0	\$ 40,000	\$ 955,000	\$ 45,000
<i>General Obligation Notes</i>						
West Cedar Street Special Assessment Notes	4.68%	248,211	0	22,809	225,402	23,876
<i>ODOT-State Infrastructure</i>						
<i>Bank (SIB) Note</i>						
West Mulberry Street Improvements	3.00%	448,200	0	0	448,200	50,363
<i>Ohio Public Works</i>						
<i>Commission Loans</i>						
West Mulberry Street Improvements	0.00%	111,097	38,903	0	150,000	7,500
West Mulberry Street Improvements	0.00%	0	141,501	0	141,501	7,075
<i>Capital Lease Obligations</i>	Various	402,993	84,900	151,737	336,156	158,627
Total Governmental Activities		<u>2,205,501</u>	<u>265,304</u>	<u>214,546</u>	<u>2,256,259</u>	<u>292,441</u>
<u>Business-Type Activities</u>						
<i>Ohio Water Development</i>						
<i>Authority Loans</i>						
Sewer Construction Loans:						
#2298	4.56%	932,896	0	106,930	825,966	111,862
#2299	4.04%	14,674	0	1,712	12,962	1,781
SR 46 Sewer Extension Loans:						
#4741	3.97%	248,647	* 4,491	3,408	249,730	9,363
#5339	3.92%	0	* 46,509	0	46,509	3,881
<i>Ohio Public Works</i>						
<i>Commission Loans</i>						
Elm Street Lift Station Wastewater Treatment Plant Upgrades	0.00%	40,000	0	5,000	35,000	5,000
	0.00%	215,189	197,611	0	412,800	20,640
<i>Capital Lease Obligations</i>	Various	104,805	0	31,921	72,884	33,624
Total Business-Type Activities		<u>1,556,211</u>	<u>248,611</u>	<u>148,971</u>	<u>1,655,851</u>	<u>186,151</u>
Total Debt Outstanding		<u>\$ 3,761,712</u>	<u>\$ 513,915</u>	<u>\$ 363,517</u>	<u>\$ 3,912,110</u>	<u>\$ 478,592</u>

* Includes OWDA fees.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 12: **DEBT** (Continued)

The Recreation Facility bonds were used to construct the Village's Recreation Center used by the residents of the Village. The bonds are being repaid in semi-annual installments, including interest, until the December 2024 maturity date.

The West Cedar Street Special Assessment notes were issued in 2007 for the purpose of improving and paving West Cedar Street. The notes are being repaid in annual installments, including interest, until the May 2017 maturity date.

The ODOT - State Infrastructure Bank (SIB) Note was issued in 2008. It provided \$448,200 in funds for West Mulberry Street Improvements, which includes \$2,000 in administrative fees charged by the lender. The note is being repaid in semi-annual installments, including interest, until the October 2017 maturity date.

The Ohio Public Works Commission (OPWC) West Mulberry Street loan provided \$150,000 and \$141,501 in funds for West Mulberry Street improvements. The interest-free loans made in 2008 and 2009 are being repaid in semi-annual installments of \$3,750 and \$3,537.50, respectively.

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

The OWDA State Route 46 Sewer Extension loan will provide funds for the Village to extend its sanitary sewers at the intersection of State Routes 46, 307, and 167. The OWDA has provided \$304,515 in 2 loans to the Village for this project. The loans will be repaid in semi-annual installments, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) Elm Street loan is designated for capital improvements to the Elm Street Sanitary Sewer Lift Station Rehabilitation and Generator Replacement project. This interest free loan is being repaid in semi-annual installments of \$2,500 over 10 years.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 12: **DEBT** (Continued)

The OPWC Wastewater Treatment Plant Upgrades loan is designated for capital improvements to the main treatment plant. This non-interest bearing loan will be repaid in semi-annual installments of \$10,320 over 20 years beginning in 2008.

Capital Lease Obligations consist of five separate lease purchase agreements for various equipment, including one fire truck, two police cars, one van, two dump trucks, one backhoe, and other miscellaneous equipment. The principal and interest payments for capital leases are charged to the respective function for financial statement presentation.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2010 are as follows:

<u>Due In</u>	Governmental Activities					
	General Obligation Bonds		General Obligation Notes		ODOT-SIB Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 45,000	\$ 48,035	\$ 24,993	\$ 9,528	\$ 51,885	\$ 13,376
2012	50,000	45,740	26,163	8,262	53,453	11,808
2013	50,000	43,190	27,388	7,037	55,069	10,192
2014	55,000	40,615	28,669	5,756	56,733	8,527
2015	55,000	37,782	30,011	4,414	58,448	6,813
2016-2020	325,000	202,148	64,302	4,548	122,249	8,272
2021-2025	330,000	45,900	0	0	0	0
2026-2030	0	0	0	0	0	0
	<u>\$ 910,000</u>	<u>\$ 463,410</u>	<u>\$ 201,526</u>	<u>\$ 39,545</u>	<u>\$ 397,837</u>	<u>\$ 58,988</u>

<u>Due In</u>	Governmental Activities					
	Capital Lease Obligations		OPWC	Loans	Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 151,138	\$ 7,437	\$ 14,575	\$ 0	\$ 287,591	\$ 78,376
2012	26,391	608	14,575	0	170,582	66,418
2013	0	0	14,575	0	147,032	60,419
2014	0	0	14,575	0	154,977	54,898
2015	0	0	14,575	0	158,034	49,009
2016-2020	0	0	72,875	0	584,426	214,968
2021-2025	0	0	72,875	0	402,875	45,900
2026-2030	0	0	58,301	0	58,301	0
	<u>\$ 177,529</u>	<u>\$ 8,045</u>	<u>\$ 276,926</u>	<u>\$ 0</u>	<u>\$1,963,818</u>	<u>\$ 569,988</u>

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 12: **DEBT** (Continued)

<u>Due In</u>	<u>Business-Type Activities</u>					
	<u>OWDA Loans</u>		<u>OPWC Loans</u>		<u>Capital Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 132,648	\$ 42,757	\$ 25,640	\$ 0	\$ 35,417	\$ 1,582
2012	138,672	36,732	25,640	0	3,843	89
2013	144,969	30,436	25,640	0	0	0
2014	151,551	23,853	25,640	0	0	0
2015	158,435	16,969	25,640	0	0	0
2016-2020	158,608	35,262	108,200	0	0	0
2021-2025	78,162	17,764	103,200	0	0	0
2026-2030	45,235	2,729	82,560	0	0	0
	<u>\$ 1,008,280</u>	<u>\$ 206,502</u>	<u>\$ 422,160</u>	<u>\$ 0</u>	<u>\$ 39,260</u>	<u>\$ 1,671</u>

<u>Due In</u>	<u>Business-Type Activities</u>	
	<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 193,705	\$ 44,339
2012	168,155	36,821
2013	170,609	30,436
2014	177,191	23,853
2015	184,075	16,969
2016-2020	266,808	35,262
2021-2025	181,362	17,764
2026-2030	127,795	2,729
	<u>\$ 1,469,700</u>	<u>\$ 208,173</u>

NOTE 13: **CONSTRUCTION AND CONTRACTUAL COMMITMENTS**

The Village had no material construction and contractual commitments as of December 31, 2010.

NOTE 14: **CONTINGENT LIABILITIES**

There is one lawsuit pending in which the Village is involved. Village management estimates that the potential claims against the Village not covered by insurance resulting from such litigation would not materially affect the financial statements of the Village.

Under the terms of Federal and State grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Village management believes disallowances, if any, will be immaterial.

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

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**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**

To the Mayor and Members of Village Council
Village of Jefferson

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 Jefferson, Ashtabula County, Ohio, as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Village of Jefferson, Ohio's basic financial statements and have issued our report thereon dated July 29, 2011, wherein we noted the Village prepared its financial statements on a cash basis of accounting, which is a basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Jefferson, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Jefferson, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Jefferson, Ohio's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a 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 corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Jefferson, Ohio'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Jefferson, Ohio, in a separate letter dated July 29, 2011.

We noted certain matters that we reported to the Village of Jefferson, Ohio, in a separate letter dated July 29, 2011.

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


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

July 29, 2011

**VILLAGE OF JEFFERSON
ASHTABULA COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or No Longer Valid; <i>Explain</i>
2008-001	Financial Statement Errors	Yes	

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



Dave Yost • Auditor of State

VILLAGE OF JEFFERSON

ASHTABULA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 20, 2011