



**VILLAGE OF WEST JEFFERSON
MADISON COUNTY**

REGULAR AUDIT

FOR FISCAL YEARS ENDED DECEMBER 31, 1998 - 1997



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Village Council
Village of West Jefferson
Madison County
28 E. Main Street
West Jefferson, Ohio 43162-1295

We have audited the accompanying financial statements of the Village of West Jefferson, Madison County, Ohio, (the Village) as of and for the years ended December 31, 1998 and December 31, 1997. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of West Jefferson, Madison County, Ohio, as of December 31, 1998 and December 31, 1997, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 1999 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

JIM PETRO
Auditor of State

July 9, 1999

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>(Memorandum Only) Total</u>
Cash receipts:					
Local taxes	\$893,665	\$51,334	\$0	\$154,001	\$1,099,000
Intergovernmental	151,069	177,998	0	0	329,067
Charges for services	45,147	0	0	0	45,147
Fines, licenses, and permits	58,177	6,753	0	0	64,930
Miscellaneous	189,767	0	0	0	189,767
Total cash receipts	<u>1,337,825</u>	<u>236,085</u>	<u>0</u>	<u>154,001</u>	<u>1,727,911</u>
Cash disbursements:					
Current:					
Security of persons and property	705,253	0	0	0	705,253
Public health services	16,776	0	0	0	16,776
Leisure time activities	35,343	0	0	0	35,343
Community environment	13,747	0	0	92,283	106,030
Transportation	0	264,965	0	0	264,965
General government	456,720	3,380	0	0	460,100
Debt Service:					
Other debt service	0	0	44,229	0	44,229
Total cash disbursements	<u>1,227,839</u>	<u>268,345</u>	<u>44,229</u>	<u>92,283</u>	<u>1,632,696</u>
Total cash receipts over/(under) cash disbursements	<u>109,986</u>	<u>(32,260)</u>	<u>(44,229)</u>	<u>61,718</u>	<u>95,215</u>
Other financing receipts/(disbursements):					
Transfers-in	0	0	44,229	0	44,229
Transfers-out	(30,929)	0	0	0	(30,929)
Total other financing receipts/(disbursements)	<u>(30,929)</u>	<u>0</u>	<u>44,229</u>	<u>0</u>	<u>13,300</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursement	<u>79,057</u>	<u>(32,260)</u>	<u>0</u>	<u>61,718</u>	<u>108,515</u>
Fund cash balances, January 1, 1998	<u>1,391,006</u>	<u>127,216</u>	<u>822</u>	<u>18,793</u>	<u>1,537,837</u>
Fund cash balances, December 31, 1998	<u>\$1,470,063</u>	<u>\$94,956</u>	<u>\$822</u>	<u>\$80,511</u>	<u>\$1,646,352</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only) Total</u>
Operating cash receipts:			
Charges for services	\$1,168,756	\$0	\$1,168,756
Miscellaneous	0	68,176	68,176
Total operating cash receipts	<u>1,168,756</u>	<u>68,176</u>	<u>1,236,932</u>
Operating cash disbursements:			
Personal services	298,506	0	298,506
Travel transportation	4,926	0	4,926
Contractual services	322,125	0	322,125
Supplies and materials	381,365	0	381,365
Total operating cash disbursements	<u>1,006,922</u>	<u>0</u>	<u>1,006,922</u>
Operating income/(loss)	<u>161,834</u>	<u>68,176</u>	<u>230,010</u>
Non-operating cash receipts:			
Miscellaneous	18,871	0	18,871
Total non-operating cash receipts	<u>18,871</u>	<u>0</u>	<u>18,871</u>
Non-operating cash disbursements:			
Debt service	259,953	0	259,953
Other non-operating cash disbursements	0	67,932	67,932
Total non-operating cash disbursements	<u>259,953</u>	<u>67,932</u>	<u>327,885</u>
Excess of receipts over/(under) disbursements before interfund transfers and advances	(79,248)	244	(79,004)
Transfers-in	40,000	0	40,000
Transfers-out	(53,300)	0	(53,300)
Net receipts over/(under) disbursements	(92,548)	244	(92,304)
Fund cash balances, January 1, 1998	<u>918,174</u>	<u>220</u>	<u>918,394</u>
Fund cash balances, December 31, 1998	<u>\$825,626</u>	<u>\$464</u>	<u>\$826,090</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>(Memorandum Only) Total</u>
Cash receipts:						
Local taxes	\$938,563	\$48,208	\$0	\$48,208	\$0	\$1,034,979
Intergovernmental	143,644	172,000	0	25,012	0	340,656
Charges for services	24,903	0	0	0	0	24,903
Fines, licenses, and permits	46,420	1,624	0	0	0	48,044
Miscellaneous	126,922	5,541	0	0	0	132,463
Total cash receipts	1,280,452	227,373	0	73,220	0	1,581,045
Cash disbursements:						
Current:						
Security of persons and property	600,884	2,895	0	0	0	603,779
Public health services	16,195	0	0	0	0	16,195
Leisure time activities	20,396	0	0	0	90,563	110,959
Community environment	12,801	0	0	0	0	12,801
Transportation	53,876	232,439	0	0	0	286,315
General government	422,365	19,171	0	0	0	441,536
Debt Service:						
Other debt service	0	0	45,329	0	0	45,329
Capital outlay	0	0	0	202,399	0	202,399
Total cash disbursements	1,126,517	254,505	45,329	202,399	90,563	1,719,313
Total cash receipts over/(under) cash disbursements	153,935	(27,132)	(45,329)	(129,179)	(90,563)	(138,268)
Other financing receipts/(disbursements):						
Transfers-in	0	0	45,329	0	0	45,329
Advances-in	0	3,671	0	0	0	3,671
Transfers-out	(30,929)	0	0	0	0	(30,929)
Advances-out	(3,671)	0	0	0	0	(3,671)
Total other financing receipts/(disbursements)	(34,600)	3,671	45,329	0	0	14,400
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	119,335	(23,461)	0	(129,179)	(90,563)	(123,868)
Fund cash balances, January 1, 1997	1,271,671	150,677	822	147,972	90,563	1,661,705
Fund cash balances, December 31, 1997	<u>\$1,391,006</u>	<u>\$127,216</u>	<u>\$822</u>	<u>\$18,793</u>	<u>\$0</u>	<u>\$1,537,837</u>
Reserve for encumbrances, December 31, 1997	<u>\$0</u>	<u>\$13,068</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,068</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only) Total</u>
Operating cash receipts:			
Charges for services	\$1,180,395	\$0	\$1,180,395
Miscellaneous	18,546	74,538	93,084
Total operating cash receipts	<u>1,198,941</u>	<u>74,538</u>	<u>1,273,479</u>
Operating cash disbursements:			
Personal services	274,941	0	274,941
Travel transportation	22,004	0	22,004
Contractual services	330,936	0	330,936
Supplies and materials	162,296	0	162,296
Capital outlay	1,366	0	1,366
Total operating cash disbursements	<u>791,543</u>	<u>0</u>	<u>791,543</u>
Operating income/(loss)	<u>407,398</u>	<u>74,538</u>	<u>481,936</u>
Non-operating cash disbursements:			
Debt service	259,953	0	259,953
Other non-operating cash disbursements	0	75,218	75,218
Total non-operating cash disbursements	<u>259,953</u>	<u>75,218</u>	<u>335,171</u>
Excess of receipts over/(under) disbursements before interfund transfers and advances	147,445	(680)	146,765
Transfers-in	40,000	0	40,000
Transfers-out	(54,400)	0	(54,400)
Net receipts over/(under) disbursements	133,045	(680)	132,365
Fund cash balances, January 1, 1997	<u>785,129</u>	<u>900</u>	<u>786,029</u>
Fund cash balances, December 31, 1997	<u><u>\$918,174</u></u>	<u><u>\$220</u></u>	<u><u>\$918,394</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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

D. Fund Accounting

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

General Fund

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

Special Revenue Funds

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

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

Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following debt service fund:

Bond Retirement Fund - This fund receives transfers from the general fund and sewer fund to retire Village debt.

Capital Projects Funds

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

Capital Improvement Fund - This fund receives income tax revenue to maintain major capital projects.

Enterprise Funds

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

Fiduciary Funds (Agency Funds)

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

Mayor's Court Fund - The Village's Mayor's Court Fund receives fines, licenses and forfeiture monies received from citations issued by the Village police department. These funds are held by the Village pending payment to the appropriate parties the first Monday of the following month. The State of Ohio receives \$9 per case for the State Victims of Crime Fund and \$11 per case to be credited to the General Revenue Fund of the State of Ohio. The remainder of the amounts received, with the exception of reimbursement of bonds for canceled cases, is paid into the General Fund of the Village.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 1998 and 1997 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1998</u>	<u>1997</u>
Demand deposits	\$193,747	\$229,851
Certificates of deposit	1,350,000	1,600,000
Total deposits	<u>1,543,747</u>	<u>1,829,851</u>
 STAR Ohio	<u>928,695</u>	<u>626,380</u>
Total investments	<u>928,695</u>	<u>626,380</u>
Total deposits and investments	<u>\$2,472,442</u>	<u>\$2,456,231</u>

Deposits:

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments:

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1998 and December 31, 1997 follows:

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,178,300	\$1,337,825	\$159,525
Special Revenue	240,000	236,085	(3,915)
Debt Service	45,000	44,229	(771)
Capital Projects	150,000	154,001	4,001
Enterprise	<u>1,233,800</u>	<u>1,227,627</u>	<u>(6,173)</u>
Total	<u>\$2,847,100</u>	<u>\$2,999,767</u>	<u>\$152,667</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,315,676	\$1,258,768	\$56,908
Special Revenue	306,800	268,345	38,455
Debt Service	44,300	44,229	71
Capital Projects	162,000	92,283	69,717
Enterprise	<u>1,658,800</u>	<u>1,320,175</u>	<u>338,625</u>
Total	<u>\$3,487,576</u>	<u>\$2,983,800</u>	<u>\$503,776</u>

1997 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,238,700	\$1,280,452	\$41,752
Special Revenue	212,900	227,373	14,473
Debt Service	45,400	45,329	(71)
Capital Projects	84,000	73,220	(10,780)
Enterprise	<u>1,161,000</u>	<u>1,238,941</u>	<u>77,941</u>
Total	<u>\$2,742,000</u>	<u>\$2,865,315</u>	<u>\$123,315</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1997 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,263,185	\$1,157,446	\$105,739
Special Revenue	280,850	267,573	13,277
Debt Service	45,400	45,329	71
Capital Projects	195,000	202,399	(7,399)
Expendable Trust	90,563	90,563	0
Enterprise	<u>1,410,201</u>	<u>1,105,896</u>	<u>304,305</u>
Total	<u>\$3,285,199</u>	<u>\$2,869,206</u>	<u>\$415,993</u>

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 1998 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$2,100,100	8.31%
Ohio Public Works Commission Loan	305,426	5.50%
Ohio Public Works Commission Loan	334,858	0.00%
Mortgage Revenue Bonds	<u>40,000</u>	0.00%
Total	<u>\$2,780,384</u>	

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

5. DEBT (continued)

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

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

<u>Year ending</u> <u>December 31:</u>	<u>OWDA</u> <u>Loan</u>	<u>Ohio Public</u> <u>Works</u> <u>Commission</u> <u>Loan</u>	<u>Ohio Public</u> <u>Works</u> <u>Commission</u> <u>Loan</u>	<u>Mortgage</u> <u>Revenue</u> <u>Bonds</u>
1999	\$241,987	\$17,966	\$20,929	\$22,200
2000	241,987	17,966	20,929	21,100
2001	241,987	17,966	20,929	0
2002	241,987	17,966	20,929	0
2003	241,987	17,966	20,929	0
Subsequent	<u>2,661,858</u>	<u>215,596</u>	<u>230,214</u>	<u>0</u>
Total	<u>\$3,871,793</u>	<u>\$305,426</u>	<u>\$334,859</u>	<u>\$43,300</u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1998 and 1997, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1998.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Public Officials Liability Insurance
- Law Enforcement Liability Coverage

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

8. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Village's operations as early as fiscal year 1999.

The Village has completed an inventory of computer systems and other equipment necessary to conducting Village operations and has identified such systems as being the Finance Department's accounting and financial reporting and payroll system, the Utility Department's utility billing system; the Income Tax Department's accounting and reporting system, and the Mayor's Court accounting and reporting system.

For each of these mission critical systems the Village has received written assurances from the vendors of the software that these systems have been validated and tested by the vendor and are believed to be Year 2000 compliant.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Village is or will be Year 2000 ready, that the Village's remediation efforts will be successful in whole or in part, or that parties with whom the Village does business will be year 2000 ready.



STATE OF OHIO
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JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE
AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of the Village of West Jefferson, Madison County, Ohio (the Village), as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated July 9, 1999. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 9, 1999.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 9, 1999.

Village of West Jefferson
Madison County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the management and Village Council and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

July 9, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF WEST JEFFERSON

MADISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 18, 2000**