

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY  
Regular Audit  
For the Years Ended December 31, 2012 and 2011**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of West Jefferson, Madison County, prepared by Perry & Associates, Certified Public Accountants, A. C., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 5, 2013

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**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

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## **INDEPENDENT AUDITOR'S REPORT**

October 17, 2013

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the **Village of West Jefferson**, Madison County, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles(Continued)***

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of West Jefferson, Madison County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1B.

***Emphasis of Matter***

As discussed in Note 1F to the financial statements, during 2011 the Village of West Jefferson adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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* in considering the Village's internal control over financial reporting and compliance.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

|  | <u>General</u>    | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|-------------------|----------------------------|-----------------------------|---|
| <b>Cash Receipts:</b>                            |                   |                            |                             |   |
| Property and Other Local Taxes                   | \$ 67,308         | \$ -                       | \$ -                        | \$ 67,308                               |
| Municipal Income Tax                             | 1,943,503         | 250,501                    | 59,807                      | 2,253,811                               |
| Intergovernmental                                | 205,712           | 208,210                    | 200,048                     | 613,970                                 |
| Special Assessments                              | 85,020            | 254,865                    | -                           | 339,885                                 |
| Charges for Services                             | 48,569            | -                          | -                           | 48,569                                  |
| Fines, Licenses and Permits                      | 99,874            | 38,527                     | -                           | 138,401                                 |
| Miscellaneous                                    | 101,417           | 52,054                     | -                           | 153,471                                 |
|  | <u>2,551,403</u>  | <u>804,157</u>             | <u>259,855</u>              | <u>3,615,415</u>                        |
| <b>Cash Disbursements:</b>                       |                   |                            |                             |   |
| Current:   |                   |                            |                             |   |
| Security of Persons and Property                 | 1,158,213         | -                          | -                           | 1,158,213                               |
| Leisure Time Activities                          | 38,238            | 23,050                     | -                           | 61,288                                  |
| Community Environment                            | 106,618           | -                          | -                           | 106,618                                 |
| Transportation                                   | -                 | 414,043                    | -                           | 414,043                                 |
| General Government                               | 910,718           | 215,963                    | -                           | 1,126,681                               |
| Capital Outlay                                   | -                 | -                          | 207,355                     | 207,355                                 |
| Debt Service:                                    |                   |                            |                             |   |
| Principal Retirement                             | 82,092            | -                          | 10,008                      | 92,100                                  |
| Interest and Fiscal Charges                      | 13,668            | -                          | -                           | 13,668                                  |
|  | <u>2,309,547</u>  | <u>653,056</u>             | <u>217,363</u>              | <u>3,179,966</u>                        |
| Excess of Receipts Over Disbursements            | <u>241,856</u>    | <u>151,101</u>             | <u>42,492</u>               | <u>435,449</u>                          |
| <b>Other Financing Receipts (Disbursements):</b> |                   |                            |                             |   |
| Sale of Fixed Assets                             | 12,098            | -                          | -                           | 12,098                                  |
| Other Financing Uses                             | (409)             | -                          | -                           | (409)                                   |
|  | <u>11,689</u>     | <u>-</u>                   | <u>-</u>                    | <u>11,689</u>                           |
| Net Change in Fund Cash Balances                 | 253,545           | 151,101                    | 42,492                      | 447,138                                 |
| Fund Cash Balances, January 1                    | <u>433,786</u>    | <u>686,660</u>             | <u>153,842</u>              | <u>1,274,288</u>                        |
| <b>Fund Cash Balances, December 31</b>           |                   |                            |                             |   |
| Restricted                                       | -                 | 837,761                    | 196,334                     | 1,034,095                               |
| Unassigned                                       | <u>687,331</u>    | <u>-</u>                   | <u>-</u>                    | <u>687,331</u>                          |
| <i>Fund Cash Balances, December 31</i>           | <u>\$ 687,331</u> | <u>\$ 837,761</u>          | <u>\$ 196,334</u>           | <u>\$ 1,721,426</u>                     |

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



**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

|  | <b>Enterprise</b>   |
|--|---------------------|
| <b>Operating Cash Receipts:</b>                |                     |
| Charges for Services                           | \$ 1,769,949        |
| Miscellaneous                                  | 700                 |
|  | 1,770,649           |
| Total Operating Cash Receipts                  | 1,770,649           |
| <b>Operating Cash Disbursements:</b>           |                     |
| Personal Services                              | 346,137             |
| Fringe Benefits                                | 104,183             |
| Contractual Services                           | 703,029             |
| Supplies and Materials                         | 173,189             |
| Other  | 14,679              |
|  | 1,341,217           |
| Total Operating Cash Disbursements             | 1,341,217           |
| Operating Income                               | 429,432             |
| <b>Non-Operating Receipts (Disbursements):</b> |                     |
| Municipal Income Tax                           | 180,626             |
| Intergovernmental                              | 10,224              |
| Special Assessment                             | 111,862             |
| Other Debt Proceeds                            | 1,574               |
| Capital Outlay                                 | (65,818)            |
| Principal Retirement                           | (500,265)           |
| Interest and Fiscal Charges                    | (132,987)           |
|  | (394,784)           |
| Total Non-Operating Receipts (Disbursements)   | (394,784)           |
| Net Change in Fund Cash Balances               | 34,648              |
| Fund Cash Balances, January 1                  | 1,002,573           |
| <b>Fund Cash Balances, December 31</b>         | <b>\$ 1,037,221</b> |

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

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | <u>General</u>    | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|-------------------|----------------------------|-----------------------------|---|
| <b>Cash Receipts:</b>                                  |                   |                            |                             |   |
| Property and Other Local Taxes                         | \$ 70,303         | \$ -                       | \$ -                        | \$ 70,303                               |
| Municipal Income Tax                                   | 1,672,349         | 232,674                    | 23,678                      | 1,928,701                               |
| Intergovernmental                                      | 129,430           | 242,195                    | 429,869                     | 801,494                                 |
| Special Assessments                                    | 91,533            | 123,668                    | -                           | 215,201                                 |
| Charges for Services                                   | 28,758            | 25                         | -                           | 28,783                                  |
| Fines, Licenses and Permits                            | 56,843            | 1,398                      | -                           | 58,241                                  |
| Earnings on Investments                                | 32,968            | -                          | -                           | 32,968                                  |
| Miscellaneous  | 9,560             | 50,296                     | -                           | 59,856                                  |
|  | <u>2,091,744</u>  | <u>650,256</u>             | <u>453,547</u>              | <u>3,195,547</u>                        |
| <b>Cash Disbursements:</b>                             |                   |                            |                             |   |
| Current:   |                   |                            |                             |   |
| Security of Persons and Property                       | 1,203,317         | 1,992                      | -                           | 1,205,309                               |
| Leisure Time Activities                                | 39,711            | -                          | -                           | 39,711                                  |
| Community Environment                                  | 101,885           | -                          | -                           | 101,885                                 |
| Transportation   | -                 | 474,214                    | -                           | 474,214                                 |
| General Government                                     | 828,216           | -                          | -                           | 828,216                                 |
| Capital Outlay   | -                 | 160,812                    | 843,392                     | 1,004,204                               |
| Debt Service:  |                   |                            |                             |   |
| Principal Retirement                                   | 86,076            | -                          | -                           | 86,076                                  |
| Interest and Fiscal Charges                            | 16,908            | -                          | -                           | 16,908                                  |
|  | <u>2,276,113</u>  | <u>637,018</u>             | <u>843,392</u>              | <u>3,756,523</u>                        |
| Excess of Receipts Over (Under) Disbursements          | <u>(184,369)</u>  | <u>13,238</u>              | <u>(389,845)</u>            | <u>(560,976)</u>                        |
| <b>Other Financing Receipts (Disbursements):</b>       |                   |                            |                             |   |
| Other Debt Proceeds                                    | -                 | -                          | 400,300                     | 400,300                                 |
| Sale of Fixed Assets                                   | 7,660             | -                          | -                           | 7,660                                   |
| Transfers-Out  | (6,000)           | -                          | -                           | (6,000)                                 |
|  | <u>1,660</u>      | <u>-</u>                   | <u>400,300</u>              | <u>401,960</u>                          |
| Net Change in Fund Cash Balances                       | (182,709)         | 13,238                     | 10,455                      | (159,016)                               |
| Fund Cash Balances, January 1 (Restated - See Note 10) | <u>616,495</u>    | <u>673,422</u>             | <u>143,387</u>              | <u>1,433,304</u>                        |
| <b>Fund Cash Balances, December 31</b>                 |                   |                            |                             |   |
| Restricted   | -                 | 686,660                    | 153,842                     | 840,502                                 |
| Unassigned   | 433,786           | -                          | -                           | 433,786                                 |
| <i>Fund Cash Balances, December 31</i>                 | <u>\$ 433,786</u> | <u>\$ 686,660</u>          | <u>\$ 153,842</u>           | <u>\$ 1,274,288</u>                     |

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

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

|  | <b>Enterprise</b>   |
|--|---------------------|
| <b>Operating Cash Receipts:</b>                        |                     |
| Charges for Services                                   | \$ 1,852,301        |
| Miscellaneous  | 494                 |
|  | 1,852,795           |
| Total Operating Cash Receipts                          | 1,852,795           |
| <b>Operating Cash Disbursements:</b>                   |                     |
| Personal Services                                      | 303,680             |
| Fringe Benefits  | 89,049              |
| Contractual Services                                   | 682,222             |
| Supplies and Materials                                 | 81,950              |
| Other  | 36,760              |
|  | 1,193,661           |
| Total Operating Cash Disbursements                     | 1,193,661           |
| Operating Income                                       | 659,134             |
| <b>Non-Operating Receipts (Disbursements):</b>         |                     |
| Municipal Income Tax                                   | 180,626             |
| Intergovernmental                                      | 10,427              |
| Special Assessments                                    | 20,083              |
| Miscellaneous Receipts                                 | 190                 |
| Other Debt Proceeds                                    | 34,666              |
| Capital Outlay   | (97,091)            |
| Principal Retirement                                   | (470,791)           |
| Interest and Fiscal Charges                            | (155,235)           |
|  | (477,125)           |
| Total Non-Operating Cash Receipts (Disbursements)      | (477,125)           |
| Income before Transfers                                | 182,009             |
| Transfers-In   | 6,000               |
| Net Change in Fund Cash Balances                       | 188,009             |
| Fund Cash Balances, January 1 (Restated - See Note 10) | 814,564             |
| <b>Fund Cash Balances, December 31</b>                 | <b>\$ 1,002,573</b> |

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

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of West Jefferson, Madison County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services including water and sewer utilities, pool and park operations and police services.

The Village participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

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

**B. Accounting Basis**

These financial statements follow the accounting basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Deposits**

All deposits are maintained in an interest-bearing checking account.

**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:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Tax Increment Equivalent – Battelle Fund – This fund receives tax increment financing money to fund public infrastructure improvements.

**3. Capital Projects Funds**

These funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Fund:

Main Street Enhancement Fund – This fund receives Ohio Public Works Commission (OPWC) monies to fund a street repair project.

**4. Enterprise Funds**

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

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

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

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Village 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.

**2. Estimated Resources**

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

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

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

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**F. Fund Balance**

In 2011, the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which had no effect on fund balances. Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

|                 | 2012         | 2011         |
|-----------------|--------------|--------------|
| Demand deposits | \$ 2,758,647 | \$ 2,276,861 |
| Total deposits  | \$ 2,758,647 | \$ 2,276,861 |

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

| 2012 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$ 2,187,156         | \$ 2,563,501       | \$ 376,345 |
| Special Revenue                   | 629,800              | 804,157            | 174,357    |
| Capital Projects                  | 888,659              | 259,855            | (628,804)  |
| Enterprise                        | 1,994,392            | 2,074,935          | 80,543     |
| Total                             | \$ 5,700,007         | \$ 5,702,448       | \$ 2,441   |

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

| 2012 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 2,369,851               | \$ 2,309,956              | \$ 59,895  |
| Special Revenue                                       | 517,061                    | 653,056                   | (135,995)  |
| Capital Projects                                      | 863,981                    | 217,363                   | 646,618    |
| Enterprise  | 2,206,125                  | 2,040,287                 | 165,838    |
| Total   | \$ 5,957,018               | \$ 5,220,662              | \$ 736,356 |

| 2011 Budgeted vs. Actual Receipts |                      |                    |              |
|-----------------------------------|----------------------|--------------------|--------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance     |
| General                           | \$ 2,109,356         | \$ 2,099,404       | \$ (9,952)   |
| Special Revenue                   | 560,300              | 650,256            | 89,956       |
| Capital Projects                  | 1,328,669            | 853,847            | (474,822)    |
| Enterprise                        | 1,878,831            | 2,104,787          | 225,956      |
| Total                             | \$ 5,877,156         | \$ 5,708,294       | \$ (168,862) |

| 2011 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 2,310,955               | \$ 2,282,113              | \$ 28,842  |
| Special Revenue                                       | 573,410                    | 637,018                   | (63,608)   |
| Capital Projects                                      | 1,303,927                  | 843,392                   | 460,535    |
| Enterprise  | 2,185,489                  | 1,916,778                 | 268,711    |
| Total   | \$ 6,373,781               | \$ 5,679,301              | \$ 694,480 |

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Tax Increment Equivalent – MTB and Tax Increment Equivalent – Battelle Special Revenue Funds for the year ended December 31, 2012 and the Revitalization Special Revenue Fund for the year ended December 31, 2011.

Also contrary to Ohio law, at December 31, 2012, the actual receipts were below estimated receipts, and the deficiency reduced available resources below the current appropriations in the Main Street Enhancement Capital Projects Fund.

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Village.



**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**4. PROPERTY TAX (Continued)**

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. LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village, as well as certain income of residents earned outside the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. RETIREMENT SYSTEMS**

The Village's full-time law enforcement officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of full-time police members' wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2012 and 2011, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

**7. RISK MANAGEMENT**

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

Casualty and Property Coverage (Continued)

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available):

|              | <u>2012</u>         | <u>2011</u>         |
|--------------|---------------------|---------------------|
| Assets       | \$34,389,569        | \$33,362,404        |
| Liabilities  | (14,208,353)        | (14,187,273)        |
| Net Position | <u>\$20,181,216</u> | <u>\$19,175,131</u> |

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Village's share of these unpaid claims collectible in future years is approximately \$28,000.

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

| <u>Contributions to PEP</u> |             |
|-----------------------------|-------------|
| <u>2012</u>                 | <u>2011</u> |
| \$32,512                    | \$29,452    |

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

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**8. DEBT**

Debt outstanding at December 31, 2012 was as follows:

|             | Principal    | Interest |
|-------------|--------------|----------|
| Chase Loan  | \$ 174,468   | 3.53%    |
| OWDA #1966  | 429,657      | 8.31%    |
| OWDA #3723  | 447,511      | 3.00%    |
| OWDA #4748  | 2,377,829    | 2.75%    |
| OWDA #6301  | 1,574        | 3.74%    |
| OPWC #CK419 | 41,859       | 0.00%    |
| OPWC #CK818 | 53,898       | 0.00%    |
| OPWC #CK07N | 390,293      | 0.00%    |
| Total       | \$ 3,917,089 |          |

During 2003, the Village entered into a lease with Chase Equipment Finance. During 2003, Target Corp. wanted to build a distribution center in the Village. The Environmental Protection Agency (EPA) stepped in and stated they would not give a permit to install anything until the sewer plant was upgraded. During heavy rainfall, the plant did not have the capacity to hold the rain and rain would run off into a nearby creek. The EPA stated a holding tank called a clarifier basin was necessary before the distribution center could be built. The original amount of the lease was \$1,500,000. The lease bears an interest rate of 3.53% and is to be paid back over ten years in annual installments of \$180,626.

During 1988, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) for OWDA Loan #1966 for the water and sewer plant expansion project that was mandated by the Ohio EPA. The original amount of the loan was \$2,516,190. The loan bears an interest rate of 8.31%, with enhanced interest credit payments to reduce the interest to 7%, and is to be paid back over 25 years in annual installments of \$120,994. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements for this loan.

During 2004, the Village entered into a loan agreement with OWDA for OWDA Loan #3723 for the construction of a 250,000 gallon water tower and water and sewer line installation for the Target Distribution Center. MTB Corp. developed the land for the Target Distribution Center and MTB Corp. partnered with the Village to obtain financing. MTB Corp. is then reimbursing the Village for the loan payments. The original amount of the loan was \$704,393. The loan bears an interest rate of 3.0% and is to be paid back over 15 years in semiannual installments of \$29,330.

During 2007, the Village entered into a loan agreement with OWDA for OWDA Loan #4748 for the water plant improvement project. The loan bears an interest rate of 2.75% with payments of \$92,724, including principal and interest. No amortization schedule is available at this time due to the loan still being open and available for disbursement purposes. When the loan is closed, the payment may be adjusted based upon the final amount of the loan.

During 2012, the Village entered into a loan agreement with OWDA for OWDA Loan #6301 for the wastewater treatment plant improvement project. The loan bears an interest rate of 3.74%. No amortization schedule is available at this time due to the loan still being open and available for disbursement purposes. When the loan is closed, payments will be established based on the final amount of the loan.

During 1994, the Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) for OPWC Loan #CK419 for the reconstruction of a street storm sewer. The original loan amount was \$418,573. The loan bears an interest rate of 0% and is to be paid back in semiannual installments of \$10,464.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**8. DEBT (Continued)**

During 1995, the Village entered into a loan agreement with OPWC for OPWC Loan #CK818 for the reconstruction of a relief trunk sewer. The original loan amount was \$451,600. The loan bears an interest rate of 0% and is to be paid back in semiannual installments of \$8,983.

During 2011, the Village entered into a loan agreement with OPWC for OPWC Loan #CK07N for a street reconstruction project. The original loan amount was \$400,300. The loan bears an interest rate of 0% and is to be paid back in semiannual installments of \$10,008.

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

| <b>Year Ending<br/>December 31</b> | <b>Chase<br/>Financing</b> | <b>OWDA<br/>Loan<br/>#1966</b> | <b>OWDA<br/>Loan<br/>#3723</b> | <b>OPWC<br/>Loan<br/>#CK419</b> | <b>OPWC<br/>Loan<br/>#CK818</b> | <b>OPWC<br/>Loan<br/>#CK07N</b> | <b>Total</b>        |
|------------------------------------|----------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------|
| 2013                               | \$ 180,626                 | \$241,987                      | \$ 82,056                      | \$ 20,929                       | \$ 17,966                       | \$ 20,015                       | \$ 563,579          |
| 2014                               | -                          | 241,987                        | 82,056                         | 20,930                          | 17,966                          | 20,015                          | 382,954             |
| 2015                               | -                          | -                              | 82,056                         | -                               | 17,966                          | 20,015                          | 120,037             |
| 2016                               | -                          | -                              | 82,056                         | -                               | -                               | 20,015                          | 102,071             |
| 2017                               | -                          | -                              | 82,056                         | -                               | -                               | 20,015                          | 102,071             |
| 2018-2022                          | -                          | -                              | 82,056                         | -                               | -                               | 100,075                         | 182,131             |
| 2023-2027                          | -                          | -                              | -                              | -                               | -                               | 100,075                         | 100,075             |
| 2028-2032                          | -                          | -                              | -                              | -                               | -                               | 90,068                          | 90,068              |
| Total                              | <u>\$ 180,626</u>          | <u>\$483,974</u>               | <u>\$492,336</u>               | <u>\$ 41,859</u>                | <u>\$ 53,898</u>                | <u>\$ 390,293</u>               | <u>\$ 1,642,986</u> |

**9. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**10. PRIOR PERIOD FUND BALANCE ADJUSTMENTS**

The prior auditor made adjustments to the Village's financial statements to reflect the Capital Projects Fund as an Enterprise Fund. However, the capital project activity not including the clarifier catch basin activity and 12/31/10 fund balance of \$136,472 should be reflected in the Capital Project Fund as posted in the Village's accounting system. The prior auditor also made adjustments to the Village's financial statements to reflect the Reverse Osmosis Fund as an Enterprise Fund instead of a Debt Service Fund. However, a \$61 fund balance as of 12/31/10 was mistakenly not adjusted from the Debt Service Fund on the 12/31/10 financial statement. The fund balance should be reflected in the Enterprise Funds as posted in the Village's accounting system.

|                                       | <b>Total Debt<br/>Service</b> | <b>Total<br/>Capital<br/>Projects</b> | <b>Total<br/>Enterprise</b> |
|---------------------------------------|-------------------------------|---------------------------------------|-----------------------------|
| Balance as of December 31, 2010       | \$ 61                         | \$ 6,915                              | \$ 950,975                  |
| Change in Fund Classification         | (61)                          | 136,472                               | (136,411)                   |
| Adjusted January 1, 2011 Fund Balance | <u>\$ -</u>                   | <u>\$ 143,387</u>                     | <u>\$ 814,564</u>           |

# *Perry & Associates*

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

October 17, 2013

Village of West Jefferson  
Madison County  
28 East Main St.  
West Jefferson, OH 43162

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of West Jefferson**, Madison County, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated October 17, 2013, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit and has adopted Governmental Accounting Standards Board Statement No. 54.

### ***Internal Control over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2012-001 and 2012-002 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2012-003 and 2012-004 described in the accompanying schedule of audit findings to be significant deficiencies.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2012-003 and 2012-004.

***Compliance and Other Matters (Continued)***

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 17, 2013.

***Entity's Response to Findings***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2012-001**

**Material Weakness**

**Posting Receipts and Disbursements**

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2012 and 2011, several receipts and disbursements were not posted to accurate classifications based on the source of the receipt or disbursement. The following posting errors were noted:

- Adjustments proposed by the predecessor auditor during the 2009-2010 audit were not made to the Village's accounting system
- All payments and deposits were not posted to the Village's accounting system during 2011 and 2012
- Note proceeds not properly recognized in the Main Street Enhancement Capital Projects or Reverse Osmosis Enterprise Funds in 2011 or the Sewer Operating Enterprise Fund in 2012
- Loan payments recorded as Interest and Fiscal Charges instead of Principal Retirement in the Sewer Operating Enterprise Fund in 2011
- Project disbursement recorded as Interest and Fiscal Charges instead of Capital Outlay in the Nature Grant Capital Project Fund in 2012
- OWDA loan interest credits not recorded on the Village's books
- OPWC debt payment posted to the Permissive Motor Vehicle License Tax Special Revenue Fund instead of Main Street Enhancement Capital Projects Fund in 2012
- Clarifier catch basin project activity posted to the Capital Projects Fund instead of the Clarifier Catch Basin Enterprise Fund in 2011 and 2012
- Reverse Osmosis Fund recorded as a Capital Projects Fund instead of an Enterprise Fund in 2011 and 2012
- Sewer Rehab Grant Fund recorded as a Capital Projects Fund instead of an Enterprise Fund in 2011 and 2012
- MTB Water Tower Payoff Fund recorded as an Agency Fund instead of an Enterprise Fund in 2012
- Donations recorded as Charges for Services instead of Miscellaneous in the Park Development and Revitalization Special Revenue Funds in 2011 and 2012
- Contractor fees recorded as Charges for Services and Special Assessments instead of Fines, Licenses and Permits in the General, Park Development and Revitalization Special Revenue Funds in 2012
- OPWC funding recorded as Charges for Services instead of Intergovernmental in the Revitalization Special Revenue Fund in 2011

Not posting receipts and disbursements accurately resulted in the financial statements requiring several adjustments and reclassifications. The financial statements reflect all reclassifications and adjustments. Village management agrees with the adjustments, and all adjustments have been made to the Village's accounting system.

We recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Managements' Response** – Officials did not provide a response to this finding.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
|--|

**FINDING NUMBER 2012-002**

**Material Weakness**

**Bank Reconciliations**

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. Outstanding checks, deposits in transit and other reconciling items were not detailed to enable a proper reconciliation to be performed. The lack of proper reconciliations among the bank statements, cashbook and ledgers resulted in numerous errors which remained undetected and/or uncorrected until the audit. The extensive problems with these reconciliations resulted in the need for the Village to prepare detailed proofs of cash for each month and a reconstruction of the cash book for the entire audit period.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Village Council for the Council's review, approval, and use in managing the Village. The Fiscal Officer should reconcile activity entered in the receipts ledger and appropriations ledger to the cashbook.

**Management's Response** – Although there were several months during the audit period where reconciliations were incomplete, since mid-2012 through the September 2013 reconciliation, all items have been properly recorded and reconciled.

**FINDING NUMBER 2012-003**

**Significant Deficiency/Noncompliance**

**Ohio Revised Code Section 5705.36(A)(4)** requires that upon a determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the Fiscal Officer shall certify an amended certificate reflecting the deficiency.

As of December 31, 2012, actual receipts were below estimated receipts, and the deficiency reduced available resources below the current appropriations in the Main Street Enhancement Capital Projects Fund.

The Village also did not have a control procedure in place to ensure that estimated resources and appropriations, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the estimated resources and appropriations posted to the accounting system.

This resulted in varying amounts posted to the accounting system and information available to the Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated resources and appropriations as certified by the County Budget Commission.

We recommend that the Village periodically review and compare estimated and actual receipts and make necessary amendments thereto, to reduce the risk of appropriations exceeding available resources and the potential for negative fund balances.

**Management's Response** – Officials did not provide a response to this finding.



VILLAGE OF WEST JEFFERSON  
MADISON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2012-004

**Significant Deficiency/Noncompliance**

**Ohio Revised Code Section 5705.41 (B)** states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in 2012 in the Tax Increment Equivalent – MTB and Tax Increment Equivalent – Batelle Special Revenue Funds and in 2011 in the Revitalization Special Revenue Fund.

We recommend the Fiscal Officer modify appropriations with the Village Council and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Fiscal Officer should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

**Management's Response** – Officials did not provide a response to this finding.

**VILLAGE OF WEST JEFFERSON  
MADISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

| Finding Number | Finding Summary                              | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|---|
| 2010-001       | Internal Control and Review Procedures       | Yes              |   |
| 2010-002       | Record Retention                             | Yes              |   |
| 2010-003       | Posting Errors                               | No               | Not Corrected; Repeated as Finding 2012-001   |
| 2010-004       | Amending Certificates of Estimated Resources | No               | Not Corrected; Repeated as Finding 2012-003   |
| 2010-005       | Appropriations Exceeding Estimated Resources | Yes              |   |
| 2010-006       | Expenditures Exceed Appropriations           | No               | Not Corrected; Repeated as Finding 2012-004   |
| 2010-007       | Cash Advances                                | Yes              |   |



# Dave Yost • Auditor of State

**VILLAGE OF WEST JEFFERSON**

**MADISON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 19, 2013**