

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of West Jefferson, Madison County, prepared by Holbrook & Manter, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the 2005 financial statements and a disclaimer of opinion on the 2006 financial statements using the regulatory format the Auditor of State permits.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 24, 2008

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TABLE OF CONTENTS

| | PAGE |
|---|-------------|
| Independent Auditors' Report..... | 3-4 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types- For the Year Ended December 31, 2006 | 5 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type- For the Year Ended December 31, 2006 | 6 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types- For the Year Ended December 31, 2005 | 7 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type- For the Year Ended December 31, 2005 | 8 |
| Notes to the Financial Statements | 9-16 |
| Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i> | 17-18 |
| Schedule of Findings..... | 19-22 |

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INDEPENDENT AUDITORS' REPORT

Village Council
Village of West Jefferson
Madison County

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, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

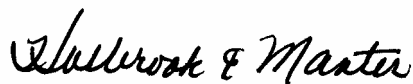
The Village's financial statements contain undeterminable posting errors and unreconciled balances. We were unable to obtain from the Village a balanced cash reconciliation as of December 31, 2006. The amount on the Village's records showed an unreconciled amount of \$26,025.22 as of December 31, 2006. The Village could not provide evidence supporting the variance of this fund balance.

Because of the significance of the matters stated in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in paragraph 1 for the year ended December 31, 2006.

Also, 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, as of December 31, 2005, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2008 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Certified Public Accountants

February 10, 2008

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
 FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES-
 FOR THE YEAR ENDED DECEMBER 31, 2006

| | GOVERNMENTAL FUND TYPES | | | | (Memorandum Only) |
|---|--------------------------------|----------------------------|-------------------------|----------------------------|------------------------------|
| | General | Special Revenue | Debt Service | Capital Project | Total |
| CASH RECEIPTS:- | | | | | |
| Local taxes | \$ 85,075 | \$ 0 | \$ 0 | \$ 0 | \$ 85,075 |
| Municipal income taxes | 1,256,826 | 168,179 | 0 | 249,427 | 1,674,432 |
| Intergovernmental | 277,212 | 229,235 | 0 | 312,512 | 818,959 |
| Charges for services | 58,542 | 6,485 | 128,355 | 0 | 193,382 |
| Special assessments | 66,733 | 0 | 0 | 0 | 66,733 |
| Fines, licenses, and permits | 24,803 | 1,329 | 0 | 0 | 26,132 |
| Earnings on investments | 28,989 | 7,359 | 0 | 7,136 | 43,484 |
| Miscellaneous | 92,448 | 0 | 0 | 0 | 92,448 |
| Total cash receipts | 1,890,628 | 412,587 | 128,355 | 569,075 | 3,000,645 |
| CASH DISBURSEMENTS:- | | | | | |
| Current;- | | | | | |
| Security of persons and property | 940,733 | 3,116 | 0 | 0 | 943,849 |
| Leisure time activities | 31,640 | 0 | 0 | 0 | 31,640 |
| Community environment | 42,416 | 0 | 0 | 0 | 42,416 |
| Basic utility services | 21,921 | 0 | 0 | 0 | 21,921 |
| Transportation | 0 | 274,546 | 0 | 0 | 274,546 |
| General government | 546,806 | 6,485 | 0 | 0 | 553,291 |
| Capital outlay | 0 | 0 | 0 | 697,076 | 697,076 |
| Debt service;- | | | | | |
| Redemption of principal | 0 | 0 | 0 | 136,862 | 136,862 |
| Interest and other fiscal charges | 0 | 0 | 33,000 | 43,764 | 76,764 |
| Total cash disbursements | 1,583,516 | 284,147 | 33,000 | 877,702 | 2,778,365 |
| Total receipts over (under) cash disbursements | 307,112 | 128,440 | 95,355 | (308,627) | 222,280 |
| Other financing receipts (disbursements):- | | | | | |
| Transfers - in | 0 | 0 | 33,000 | 0 | 33,000 |
| Transfers - out | (53,928) | 0 | 0 | 0 | (53,928) |
| Sale of fixed assets | 1,601 | 0 | 0 | 0 | 1,601 |
| Other financing sources | 0 | 0 | 11,288 | 0 | 11,288 |
| Total other financing receipts (disbursements) | (52,327) | 0 | 44,288 | 0 | (8,039) |
| Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements | 254,785 | 128,440 | 139,643 | (308,627) | 214,241 |
| Fund cash balances January 1, 2006 | 462,788 | 113,247 | 0 | 416,648 | 992,683 |
| Fund cash balances, December 31, 2006 | \$ 717,573 | \$ 241,687 | \$ 139,643 | \$ 108,021 | \$ 1,206,924 |
| Reserve for encumbrances, December 31, 2006 | \$ 18,711 | \$ 0 | \$ 0 | \$ 60,555 | \$ 79,266 |

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

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGE IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE-
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Proprietary Fund |
|--|-----------------------------|
| | Enterprise |
| OPERATING CASH RECEIPTS:- | |
| Charges for services | \$ 1,196,392 |
| Total operating cash receipts | 1,196,392 |
| OPERATING CASH DISBURSEMENTS: | |
| Personal services | 334,916 |
| Contractual services | 364,345 |
| Supplies and materials | 225,787 |
| Capital outlay | 26,195 |
| Total operating cash disbursements | 951,243 |
| Operating income | 245,149 |
| NON-OPERATING CASH RECEIPTS:- | |
| Special assessments | 1,442 |
| Interest | 12,053 |
| Miscellaneous | 10,372 |
| Total non-operating cash receipts | 23,867 |
| NON-OPERATING CASH DISBURSEMENTS:- | |
| Redemption of principal | (147,480) |
| Interest and other fiscal charges | (106,186) |
| Total non-operating cash disbursements | (253,666) |
| Excess of receipts over disbursements before interfund transfers and advances | 15,350 |
| Transfers-in | 20,928 |
| Transfers-out | 0 |
| Net receipts over disbursements | 36,278 |
| Fund cash balances, January 1, 2006 | 378,015 |
| Fund cash balances, December 31, 2006 | \$ 414,293 |
| Reserve for encumbrances, December 31, 2006 | \$ 11,724 |

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

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2005

| | GOVERNMENTAL FUND TYPES | | | | (Memorandum Only) |
|---|--------------------------------|----------------------------|-------------------------|----------------------------|------------------------------|
| | General | Special Revenue | Debt Service | Capital Project | Total |
| CASH RECEIPTS:- | | | | | |
| Local taxes | \$ 82,466 | \$ 0 | \$ 0 | \$ 0 | \$ 82,466 |
| Municipal income taxes | 1,099,939 | 78,157 | 0 | 399,788 | 1,577,884 |
| Intergovernmental | 162,090 | 220,290 | 0 | 29,191 | 411,571 |
| Charges for services | 74,903 | 6,213 | 0 | 0 | 81,116 |
| Special assessments | 41,845 | 0 | 0 | 0 | 41,845 |
| Fines, licenses, and permits | 35,650 | 1,479 | 0 | 0 | 37,129 |
| Earnings on investments | 16,724 | 1,853 | 0 | 9,531 | 28,108 |
| Miscellaneous | 65,816 | 0 | 0 | 0 | 65,816 |
| Total cash receipts | 1,579,433 | 307,992 | 0 | 438,510 | 2,325,935 |
| CASH DISBURSEMENTS:- | | | | | |
| Current:- | | | | | |
| Security of persons and property | 935,521 | 13,992 | 0 | 0 | 949,513 |
| Leisure time activities | 31,150 | 0 | 0 | 0 | 31,150 |
| Community environment | 60,608 | 0 | 0 | 0 | 60,608 |
| Basic utility services | 7,462 | 0 | 0 | 0 | 7,462 |
| Transportation | 0 | 239,856 | 0 | 0 | 239,856 |
| General government | 542,180 | 6,213 | 0 | 0 | 548,393 |
| Capital outlay | 0 | 0 | 0 | 214,445 | 214,445 |
| Debt service;-A34 | | | | | |
| Redemption of principal | 0 | 0 | 0 | 132,197 | 132,197 |
| Interest and other fiscal charges | 0 | 0 | 33,000 | 48,429 | 81,429 |
| Total cash disbursements | 1,576,921 | 260,061 | 33,000 | 395,071 | 2,265,053 |
| Total receipts over (under) cash disbursements | 2,512 | 47,931 | (33,000) | 43,439 | 60,882 |
| Other financing receipts (disbursements):- | | | | | |
| Transfers - in | 0 | 0 | 33,000 | 0 | 33,000 |
| Transfers - out | (53,929) | 0 | 0 | 0 | (53,929) |
| Total other financing receipts (disbursements) | (53,929) | 0 | 33,000 | 0 | (20,929) |
| Excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements | (51,417) | 47,931 | 0 | 43,439 | 39,953 |
| Fund cash balances January 1, 2005 | 514,205 | 65,316 | 0 | 373,209 | 952,730 |
| Fund cash balances, December 31, 2005 | \$ 462,788 | \$ 113,247 | \$ 0 | \$ 416,648 | \$ 992,683 |
| Reserve for encumbrances, December 31, 2005 | \$ 23,417 | \$ 0 | \$ 0 | \$ 456,676 | \$ 480,093 |

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

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGE IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE-
FOR THE YEAR ENDED DECEMBER 31, 2005

| | Proprietary Fund |
|--|-----------------------------|
| | Enterprise |
| OPERATING CASH RECEIPTS:- | |
| Charges for services | \$ <u>1,240,814</u> |
| Total operating cash receipts | <u>1,240,814</u> |
| OPERATING CASH DISBURSEMENTS:- | |
| Personal services | 377,976 |
| Contractual services | 411,332 |
| Supplies and materials | 254,514 |
| Capital outlay | <u>139,763</u> |
| Total operating cash disbursements | <u>1,183,585</u> |
| Operating income | <u>57,229</u> |
| NON-OPERATING CASH RECEIPTS:- | |
| Special assessments | 1,666 |
| Interest | 10,229 |
| Miscellaneous | <u>1,621</u> |
| Total non-operating cash receipts | <u>13,516</u> |
| NON-OPERATING CASH DISBURSEMENTS:- | |
| Redemption of principal | (158,851) |
| Interest and other fiscal charges | <u>(113,987)</u> |
| Total non-operating cash disbursements | <u>(272,838)</u> |
| Excess of receipts over disbursements before interfund transfers and advances | (202,093) |
| Transfers-in | 20,929 |
| Transfers-out | <u>0</u> |
| Net receipts over disbursements | (181,164) |
| Fund cash balances, January 1, 2005 | <u>559,179</u> |
| Fund cash balances, December 31, 2005 | \$ <u><u>378,015</u></u> |
| Reserve for encumbrances, December 31, 2005 | \$ <u><u>15,018</u></u> |

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

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUI

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

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

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

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

- C. **Cash and Investments** - The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village values certificates of deposit and repurchase agreements at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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

General Fund

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

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Permissive Tax Fund

This fund receives gasoline tax and motor vehicle tax money.

Enforcement Education Fund

This fund receives collections of fines, licenses and permits.

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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

Capital Project Funds

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

OWDA Loan Fund

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

Sewer Rehab Fund

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

Reverse Osmosis Fund

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

Nature Grant Fund

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

Other Capital Projects Fund

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

Debt Service Funds

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

Debt Service Fund

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

Enterprise Funds

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

Water Fund

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

Sewer Fund

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

Sanitation Waste Water Fund

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

Waste Water Repair Fund

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

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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

Swimming Pool Fund

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

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2006 and 2005 budgetary activity appears in Note 3.

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

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS:-

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

| | <u>2006</u> | <u>2005</u> |
|--------------------------------|---------------------|---------------------|
| Demand deposits | \$ 167,570 | \$ 182,578 |
| Total deposits | <u>167,570</u> | <u>182,578</u> |
| STAR Ohio | 188 | 188 |
| Huntington Bank money market | <u>1,453,459</u> | <u>1,187,932</u> |
| Total investments | <u>1,453,647</u> | <u>1,188,120</u> |
| Total deposits and investments | <u>\$ 1,621,217</u> | <u>\$ 1,370,698</u> |

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

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2006 was as follows:

2006 Budgeted VS. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|----------------------------|----------------------------|--------------------------|
| General | \$ 1,536,242 | \$ 1,892,229 | \$ 355,987 |
| Special Revenue | 293,975 | 412,587 | 118,612 |
| Debt Service | 234,554 | 172,643 | (61,911) |
| Capital Project | 405,648 | 569,075 | 163,427 |
| Enterprise | <u>1,146,192</u> | <u>1,241,187</u> | <u>94,995</u> |
| Total | <u>\$ 3,616,611</u> | <u>\$ 4,287,721</u> | <u>\$ 671,110</u> |

2006 Budgeted VS. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|--------------------------------|-------------------------------|--------------------------|
| General | \$ 1,606,586 | \$ 1,637,444 | \$ (30,858) |
| Special Revenue | 298,365 | 284,147 | 14,218 |
| Debt Service | 234,554 | 33,000 | 201,554 |
| Capital Projects | 501,626 | 877,702 | (376,076) |
| Enterprise | <u>1,558,091</u> | <u>1,204,909</u> | <u>353,182</u> |
| Total | <u>\$ 4,199,222</u> | <u>\$ 4,037,202</u> | <u>\$ 162,020</u> |

Contrary to Ohio Revised Code 5705.36, for 2006 the Village did not amend the certification during the year for sources which were available for expenditures from each fund. Therefore, the appropriation measure adopted by the Village Council in accordance with Ohio Revised Code 5705.39 was not effective. In addition, this caused the appropriations to exceed actual resources available during 2006.

Contrary to Ohio Revised Code 5705.36, actual receipts were less than budgeted receipts as of December 31, 2006 by \$61,911 in the Special Revenue Funds. Amended estimated resources should be submitted to the County if it is deemed the actual receipts will be much less than the budgeted due to a change in funding estimates.

Contrary to Ohio Revised Code 5705.41, the Village did not properly appropriate the total amount of expenditures, in turn the budgetary expenditures exceeded the appropriation authority as of December 31, 2006 in the General Fund by \$30,858 and the Capital Projects Fund by \$376,076.

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

NOTE 3 - BUDGETARY ACTIVITY:- (continued)

Budgetary activity for the year ending December 31, 2005 was as follows:

2005 Budgeted VS. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|----------------------------|----------------------------|-----------------------------|
| General | \$ 1,636,583 | \$ 1,579,433 | \$ (57,150) |
| Special Revenue | 373,850 | 307,992 | (65,858) |
| Debt Service | 498,555 | 33,000 | (465,555) |
| Capital Project | 245,750 | 438,510 | 192,760 |
| Enterprise | <u>1,175,700</u> | <u>1,275,259</u> | <u>99,559</u> |
| Total | \$ <u>3,930,438</u> | \$ <u>3,634,194</u> | \$ (<u>296,244</u>) |

2005 Budgeted VS. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|--------------------------------|-------------------------------|-----------------------------|
| General | \$ 1,614,900 | \$ 1,630,850 | \$ (15,950) |
| Special Revenue | 322,180 | 260,061 | 62,119 |
| Debt Service | 235,555 | 33,000 | 202,555 |
| Capital Projects | 203,002 | 395,071 | (192,069) |
| Enterprise | <u>1,198,509</u> | <u>1,456,423</u> | <u>(257,914)</u> |
| Total | \$ <u>3,574,146</u> | \$ <u>3,775,405</u> | \$ (<u>201,259</u>) |

Contrary to Ohio Revised Code 5705.36, for 2005 the Village did not amend the certification during the year for sources which were available for expenditures from each fund. Therefore, the appropriation measure adopted by the Village Council in accordance with Ohio Revised Code 5705.39 was not effective. In addition, this caused the appropriations to exceed actual resources available during 2005.

Contrary to Ohio Revised Code 5705.36, actual receipts were less than budgeted receipts as of December 31, 2005 by \$57,150 in the General Fund, \$65,858 in the Special Revenue Funds, and \$465,555 in the Debt Services Funds. Amended estimated resources should be submitted to the County if it is deemed the actual receipts will be much less than the budgeted due to a change in funding estimates.

Contrary to Ohio Revised Code 5705.41, the Village did not properly appropriate the total amount of expenditures, in turn the budgetary expenditures exceeded the appropriation authority as of December 31, 2005 in the General Fund by \$15,950, the Capital Projects Fund by \$192,069, and the Enterprise Funds by \$257,914.

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

NOTE 4 - PROPERTY TAX:-

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

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

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

NOTE 5 - DEBT:-

Debt outstanding at December 31, 2006, was as follows:

| | <u>Principal Balance 12/31/2006</u> |
|---|--|
| Ohio Water Development Authority Loan 7.00% | \$ 1,374,375 |
| Ohio Water Development Authority MTB Loan for Target Distribution Center 3.0% | 704,393 |
| Ohio Public Works Commission-Pearl Street Storm Sewer Loan 0% | 167,431 |
| Ohio Public Works Commission-Westside Relief Trunk Sewer Loan 0% | 161,695 |
| Bank One Leasing-WWTP Clarifier/Basin 3.529% | <u>1,103,249</u> |
| Total | <u><u>\$ 3,511,143</u></u> |

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA approved up to \$2,516,190 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$120,994, including interest, over 25 years with the final payment due on July 1, 2014. The loan is collateralized by water and sewer receipts. During 2003, the Village received an interest rate subsidy that decreases the interest rate to 7.00% from 8.31%. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2006 and 2005, the total outstanding balances were \$1,374,375 and \$1,492,347, respectively.

During 1994, the Village entered into a loan agreement with OPWC for the reconstruction of a street storm sewer. The original loan amount was \$418,573. The loan bears an interest rate of 0.0% and is to be paid back over 20 years in semiannual installments of \$10,464. Payments on the outstanding balance began in 1994 and the final payment will be due July 1, 2014. As of December 31, 2006 and 2005, the total outstanding balances were \$167,431 and \$188,357, respectively. The payments for this loan were originally coming from the Debt Service Fund; however, due to improper transfers made during 2006 and 2005, payment are now being made from the Enterprise Funds. The financial statements represent payments coming from the Enterprise Funds.

VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

NOTE 5 - DEBT:- (continued)

During 1995, the Village entered into a loan agreement with OPWC for the reconstruction of a relief trunk sewer. The original loan amount was \$451,600. The loan bears an interest rate of 0.0% and is to be paid back over 20 years in semiannual installments of \$8,983. Payments on the outstanding balance began in 1995 and the final payment will be due July 1, 2015. As of December 31, 2006 and 2005, the total outstanding balances were \$161,695 and \$179,663, respectively. The payments for this loan were originally coming from the Debt Service Fund; however, due to improper transfers made during 2006 and 2005, payment are now being made from the Enterprise Funds. The financial statements represent payments coming from the Enterprise Funds.

During 2004, the Village entered into a loan agreement with OWDA. The financing was used to construct a 250,000 gallon water tower and water and sewer line installation for the Target Distribution Center. The original amount encumbered was \$1,100,000. However, only \$704,393 was disbursed and used for the project. The loan bears an interest rate of 3.0% and is to be paid back over 15 years in semiannual installments. Semiannual payments of interest only are to be made from July 1, 2004 until July 1, 2008. Semiannual payments of principal and interest begin January 1, 2009 and the final payment will be due July 1, 2018. As of December 31, 2006 and 2005, the total outstanding balances were \$704,393 and \$704,393, respectively.

During 2003, the Village entered into a lease with Bank One Leasing Corp for a clarifier basin. The original amount of the lease was \$1,500,000. The lease bears an interest rate of 3.529% and is to be paid back over 10 years in annual installments of \$180,626. Payments on the outstanding balance began June 16, 2006 and the final payment will be due June 16, 2013. As of December 31, 2006 and 2005, the total outstanding balances were \$1,103,249 and \$1,240,112, respectively. The payments for this loan were originally coming from the Debt Service Fund; however, due to improper transfers made during 2006 and 2005, payment are now being made from the Capital Projects Fund. The financial statements represent payments coming from the Capital Projects Fund.

During 2004, the Village entered into a loan agreement with OWDA. The loan was established for a Pilot Study. The Village decided to use their own funds to pay for the study and did not need to use the loan. During 2005, OWDA deducted \$12,933 from the Village's bank account for the first payment on the loan. These funds were inadvertently deducted from the Village's account because the automatic withdrawal was established when the loan was created. The Village attempted to get a reimbursement from OWDA and could not get a reimbursement until July, 2006. OWDA took an additional \$12,933 from the Village's bank account during 2006, before the Village could get this issue resolved. When the Village was reimbursed, OWDA kept \$1,646 as a loan management fee and reimbursed the Village for the difference of \$24,221. The Village recorded the management fee as an expense during 2006. An adjustment was made to the 2005 financial statements showing a decrease of cash in the amount of \$12,933 and then a reimbursement of \$24,221 during 2006. The timing difference was adjusted through Other Financing Sources in the Debt Service Fund.

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

NOTE 5 - DEBT:- (continued)

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

| Year Ending December 31 | OWDA Loan | OWDA Loan | Ohio Public Works Commission Loan | Ohio Public Works Commission Loan | Bank One Leasing | Total |
|-------------------------------|---------------------|-------------------|---|---|---------------------|---------------------|
| 2007 | \$ 241,988 | \$ 21,131 | \$ 17,966 | \$ 20,928 | \$ 180,626 | \$ 482,639 |
| 2008 | 241,988 | 21,132 | 17,966 | 20,928 | 180,626 | 482,640 |
| 2009 | 241,988 | 82,056 | 17,966 | 20,928 | 180,626 | 543,564 |
| 2010 | 241,988 | 82,056 | 17,966 | 20,928 | 180,626 | 543,564 |
| 2011 | 241,988 | 82,056 | 17,966 | 20,928 | 180,626 | 543,564 |
| 2012-2016 | 725,957 | 410,279 | 71,865 | 62,791 | 361,250 | 1,632,142 |
| 2017 - 2021 | 0 | 164,112 | 0 | 0 | 0 | 164,112 |
| Total | 1,935,897 | 862,822 | 161,695 | 167,431 | 1,264,380 | 4,392,225 |
| Less interest expense | 561,522 | 158,429 | 0 | 0 | 161,131 | 881,082 |
| Total principal | <u>\$ 1,374,375</u> | <u>\$ 704,393</u> | <u>\$ 161,695</u> | <u>\$ 167,431</u> | <u>\$ 1,103,249</u> | <u>\$ 3,511,143</u> |

NOTE 6 - LOCAL INCOME TAXES:-

This locally levied tax of 1 percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of West Jefferson and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to net income of business organizations operating within West Jefferson. The tax receipts amounted to \$1,674,432 in 2006 and \$1,577,884 in 2005.

NOTE 7 - RETIREMENT SYSTEMS:-

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. For 2006 and 2005, PERS members contributed 9.0% and 8.5% of their gross salaries, respectively. The Village contributed an amount equal to 13.70% and 13.55% of participants' gross salaries for 2006 and 2005, respectively. The Village has paid all contributions required through December 31, 2006.

NOTE 8 - RISK MANAGEMENT:-

The Village belongs to the Public Entities Pool of Ohio (PEP), a public entity group self-insurance program that provides property and liability coverage to public entities in the State of Ohio. The following risks are covered by the self-insurance program:

- Comprehensive property and general liability
- Errors and Omissions
- Vehicles
- Public Official Liability

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



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

Village Council
Village of West Jefferson
Madison County

We have audited the financial statements of the Village of West Jefferson, Madison County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated February 10, 2008, wherein we noted the Village had followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting as items 2006-001, 2006-003, and 2006-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2006-003 and 2006-004 are also material weaknesses.

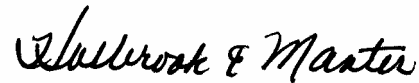
We also noted certain internal control matters that we reported to the Village's management in a separate letter dated February 10, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. . The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2006-002, 2006-003, 2006-005, 2006-006, and 2006-007.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated February 10, 2008.

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



Certified Public Accountants

February 10, 2008

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

| | |
|-----------------------|-----------------|
| Finding Number | 2006-001 |
|-----------------------|-----------------|

Significant Deficiency – Internal Control and Review Procedures

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

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

Officials' Response

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

| | |
|-----------------------|-----------------|
| Finding Number | 2006-002 |
|-----------------------|-----------------|

Noncompliance Citation – Prior Certification of Expenditures

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

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

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

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

Officials' Response

During 2007, the Village implemented a new procedure for purchase orders that encumbers funds prior to purchase.

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

| | |
|-----------------------|-----------------|
| Finding Number | 2006-003 |
|-----------------------|-----------------|

**Noncompliance Citation – Transfers
Significant Deficiency - Material Weakness – Transfer of Funds**

Ohio Revised Code, Section 5705.14, 5705.15, and 5705.16, states which transfers are allowable and which are not allowable. No transfer can be made from one fund of a subdivision to any other fund unless it meets one of the exceptions noted in the Ohio Revised Sections noted above or the proper court approval is received.

It was noted during the audit that transfers by the Village were not properly handled.

We noted various transfers between the Capital Projects Funds, Debt Service Funds, and the Enterprise Funds that were made without the proper procedures being followed to complete these transfers. As a result, there were misstatements between these funds.

We recommend referring to the Ohio Revised Code and the Village officers Handbook provided by the Auditor of State when completing transfers to make sure they are being handled properly.

Officials’ Response

Village is now aware of the restrictions on transferring from one fund to the other and is properly handling any transfers that are made.

| | |
|-----------------------|-----------------|
| Finding Number | 2006-004 |
|-----------------------|-----------------|

Significant Deficiency – Material Weakness - Reconciliation of Bank to Book Balances

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

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

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

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

Official’s Response:

The Village is now aware of the difference in the cash fund balance as of December 31, 2006. The Village will continue its efforts to reconcile the bank account during the current year.

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

| | |
|-----------------------|-----------------|
| Finding Number | 2006-005 |
|-----------------------|-----------------|

Noncompliance Citation – Amending or Supplementing Appropriations

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

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

Officials’ Response

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

| | |
|-----------------------|-----------------|
| Finding Number | 2006-006 |
|-----------------------|-----------------|

Noncompliance Citation – Amending Certificates of Estimated Resources

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

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

Officials’ Response

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

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

| | |
|-----------------------|-----------------|
| Finding Number | 2006-007 |
|-----------------------|-----------------|

Noncompliance Citation – Appropriations Exceeding Estimated Resources

Ohio Revised Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue as certified by the county budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The Village’s appropriations exceeded estimated resources as of December 31, 2006 and 2005, as outlined in Note 3 of the financial statements.

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

Officials’ Response

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



Mary Taylor, CPA
Auditor of State

VILLAGE OF WEST JEFFERSON

MADISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 3, 2008**