

**VILLAGE OF JEFFERSON
ASHTABULA COUNTY, OHIO**

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008



Mary Taylor, CPA
Auditor of State

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

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 16, 2009

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**VILLAGE OF JEFFERSON
ASHTABULA COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008**

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Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT

To the Members of the Village Council
Village of Jefferson
Ashtabula County, Ohio

The Honorable Mary Taylor
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Jefferson, Ashtabula County, Ohio, (the Village) as of and for the year ended December 31, 2008, which collective comprise the Village's basic financial statements as listed in the table of contents. 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 audit.

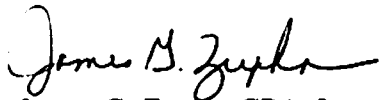
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and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

As discussed in Note 2, the Village has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Jefferson, Ashtabula County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Safety Services Fund and the Capital Improvement Fund, therefore for the year then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2009, on our consideration of the Village of Jefferson, Ohio's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.


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

July 8, 2009

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

The discussion and analysis of the Village of Jefferson's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2008, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2008 are as follows:

- Net assets of governmental activities increased \$12,659, or 1.7 percent, not a significant change from the prior year.
- The Village's general receipts are primarily property and municipal taxes. These receipts represent 77 percent of total cash received for governmental activities.
- The Village's business-type activities are refuse, sewer, and waste water treatment. Net assets decreased by \$15,291, or 8.6 percent. The Village's total receipts for business-type activities increased by \$24,552 due to increases in charges for services and receipts of OWDA and OPWC loan proceeds.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

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

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

The statement of net assets and statement of activities for 2008 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function and business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes are one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, consideration should be given to other nonfinancial factors as well, such as the Village's tax base, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources, such as property and real estate taxes.

In the statement of net assets and the statement of activities, the Village's financial statements are divided into two types of activities.

- *Governmental Activities* - Most of the Village's basic services are reported here, including Police, Fire, EMS, streets, and parks. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.
- *Business-type Activities* - The Village has three business-type activities: sewer, refuse collection, and waste water treatment. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds, not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2007 are the General Fund, the Street Lighting Fund, the Safety Services Fund, and the Capital Improvement Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Village reports on the cash basis.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reporting as an enterprise fund. The Village has three major enterprise funds, which are the Sewer Improvement Fund, the Waste Water Treatment Fund, and the Refuse Fund.

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 on the cash basis.

Table 1 - Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007 Restated	2008	2007 Restated	2008	2007 Restated
<u>Assets</u>						
Cash	\$ 771,184	\$ 758,525	\$ 162,555	\$ 177,846	\$ 933,739	\$ 936,371
Total Assets	\$ 771,184	\$ 758,525	\$ 162,555	\$ 177,846	\$ 933,739	\$ 936,371
<u>Net Assets</u>						
Restricted for:						
Capital Projects	\$ 42,713	\$ 75,793	\$ 0	\$ 0	\$ 42,713	\$ 75,793
Debt Services	22,317	3,965	0	0	22,317	3,965
Other Purposes	497,424	482,870	0	0	497,424	482,870
Unrestricted (Deficit)	208,730	195,897	162,555	177,846	371,285	373,743
Total Net Assets	\$ 771,184	\$ 758,525	\$ 162,555	\$ 177,846	\$ 933,739	\$ 936,371

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)

Table 2 reflects the changes in net assets in 2008 compared to 2007.

Table 2 - Change in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007 Restated	2008	2007 Restated	2008	2007 Restated
Receipts						
Program Receipts:						
Charges for Services	\$ 290,449	\$ 473,124	\$ 756,841	\$ 745,978	\$ 1,047,290	\$ 1,219,102
Operating Grants and Contributions	20,183	22,467	0	0	20,183	22,467
Capital Grants and Contributions	544,463	638,913	0	0	544,463	638,913
Total Program Receipts	<u>855,095</u>	<u>1,134,504</u>	<u>756,841</u>	<u>745,978</u>	<u>1,611,936</u>	<u>1,880,482</u>
General Receipts:						
Property and Other Local Taxes	1,952,012	1,833,092	0	0	1,952,012	1,833,092
Grants and Entitlements, not Restricted	126,711	274,743	0	0	126,711	274,743
Special Assessments	11,163	10,222	29,355	32,536	40,518	42,758
Proceeds for Loans/Notes	557,297	270,000	242,166	225,495	799,463	495,495
Sales of Capital Assets	8,000	21,500	199	0	8,199	21,500
Earnings on Investments	21,532	49,643	0	0	21,532	49,643
Miscellaneous	121,424	16,643	0	0	121,424	16,643
Total General Receipts	<u>2,798,139</u>	<u>2,475,843</u>	<u>271,720</u>	<u>258,031</u>	<u>3,069,859</u>	<u>2,733,874</u>
Total Receipts	<u>3,653,234</u>	<u>3,610,347</u>	<u>1,028,561</u>	<u>1,004,009</u>	<u>4,681,795</u>	<u>4,614,356</u>
Disbursements						
General Government	529,468	546,931	0	0	529,468	546,931
Security of Persons and Property	806,637	743,777	0	0	806,637	743,777
Leisure Time Activities	240,378	242,146	0	0	240,378	242,146
Community Environment	24,050	17,775	0	0	24,050	17,775
Basic Utility Services	81,135	512,195	0	0	81,135	512,195
Transportation	1,597,275	1,630,084	0	0	1,597,275	1,630,084
Capital Outlay	232,962	68,940	0	0	232,962	68,940
Debt Service:						
Principal Retirement	61,789	40,000	113,529	126,873	175,318	166,873
Interest and Fiscal Charges	66,881	54,297	52,270	59,865	119,151	114,162
Sewer	0	0	344,371	315,034	344,371	315,034
Refuse	0	0	116,709	116,723	116,709	116,723
Wastewater Treatment	0	0	416,973	356,706	416,973	356,706
Total Disbursements	<u>3,640,575</u>	<u>3,856,145</u>	<u>1,043,852</u>	<u>975,201</u>	<u>4,684,427</u>	<u>4,831,346</u>
Excess (Deficiency) of Receipts Over Disbursements before Transfers						
Transfers	12,659	(245,798)	(15,291)	28,808	(2,632)	(216,990)
Transfers	0	(37,080)	0	37,080	0	0
Increase (Decrease) in Net Assets	<u>12,659</u>	<u>(282,878)</u>	<u>(15,291)</u>	<u>65,888</u>	<u>(2,632)</u>	<u>(216,990)</u>
Net Assets at January 1, as Restated	<u>758,525</u>	<u>1,041,403</u>	<u>177,846</u>	<u>111,958</u>	<u>936,371</u>	<u>1,153,361</u>
Net Assets at December 31	<u>\$ 771,184</u>	<u>\$ 758,525</u>	<u>\$ 162,555</u>	<u>\$ 177,846</u>	<u>\$ 933,739</u>	<u>\$ 936,371</u>

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)

Program receipts represent 34 percent of total receipts for 2008. They are primarily comprised of sewer, refuse, and waste water treatment fees and grants. Intergovernmental receipts such as motor vehicle license fees, gas tax money, license and permits, and charges to local governments for fire and EMS services are included. Program receipts decreased by \$171,812 or 9 percent compared to the prior year. This was primarily due to a general decrease in services provided by other governmental funds.

General receipts represent 65 percent of the Village's total receipts for 2008. Property and other local taxes represent 64 percent of the general receipts. Grants, entitlements, and proceeds from loans make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources. General receipts increased by \$335,985 or 12 percent compared to the prior year. This was mainly attributed to increases in property and other local taxes and proceeds received from loans and notes.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for other Village activities. These include the costs of Council, Mayor, Village Administrator, Solicitor, and Clerk, as well as internal services such as payroll and purchasing. Disbursements for general government decreased by \$17,463 or 3 percent compared to the prior year.

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

Governmental Activities

The first column of the Statement of Activities lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Transportation, Security of Persons and Property, and General Government, which account for 44, 22, and 15 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service, and for grants received by the Village that must be used to provide a specific service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of service and the net cost is presented in Table 3.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

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

	Total Cost of Services 2008	Net Cost of Services 2008
General Government	\$ 529,468	\$ 484,267
Security of Persons and Property	806,637	721,943
Leisure Time Activities	240,378	72,375
Community Environment	24,050	21,400
Basic Utility Services	81,135	71,051
Transportation	1,597,275	1,052,812
Capital Outlay	232,962	232,962
Debt Service:		
Principal Retirement	61,789	61,789
Interest and Fiscal Charges	66,881	66,881
Total Expenses	<u>\$ 3,640,575</u>	<u>\$ 2,785,480</u>

The dependence upon property taxes and other local taxes is apparent as over 70 percent of the net cost of services for governmental activities are supported through these general receipts.

Business-type Activities

The sewer, waste water treatment operations, and refuse collection of the Village are relatively small and routinely report receipts and cash disbursements that are relatively equal, except for waste water treatment, which had a deficit of approximately \$36,000 for 2008. The sewer infrastructure is beginning to age and the Village has begun major repairs and the related funding requirements. We have received funding from the OWDA and OPWC to finance capital improvements.

The Village's Funds

Total governmental funds had receipts of \$3,653,234 for 2008 (excluding transfers and advances) and disbursements of \$3,640,575 for 2008. The most significant change from the prior year is a large decrease in Basic Utility Service Projects and in Capital Outlay.

General Fund receipts were greater than disbursements indicating the General Fund is in a surplus in its spending situation before transfers and advances out.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

During 2008, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to increased tax collections. The difference between final budgeted receipts and actual receipts was not significant after Council certified to amend resources.

Final budgeted disbursements for 2008 were \$921,196. Actual disbursements for 2008 were \$843,086. The Village continues to spend less than budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

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

Debt Administration

At December 31, 2008, the Village had \$1,196,217 in loans with the Ohio Water Development Authority, with \$118,259 due within one year for improvements to water and sewer utilities. The Village had \$366,286 in loans with the Ohio Public Works Commission, with \$8,750 due within one year for improvements to water and sewer utilities. The Village had General Obligation Bonds in the amount of \$995,000 with \$40,000 due in one year for improvements to the Village recreation facility. These bonds are paid from governmental activities and business-type activities. See Note 13 to the financial statements for more detail.

Current Issues

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

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Patricia Fisher, Treasurer, Village of Jefferson, 27 East Jefferson Street, Jefferson, Ohio 44047.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008**

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 771,184	\$ 162,555	\$ 933,739
Total Assets	<u>\$ 771,184</u>	<u>\$ 162,555</u>	<u>\$ 933,739</u>
<u>Net Assets</u>			
Restricted for:			
Capital Projects	\$ 42,713	\$ 0	\$ 42,713
Debt Service	22,317	0	22,317
Other Purposes	497,424	0	497,424
Unrestricted	<u>208,730</u>	<u>162,555</u>	<u>371,285</u>
Total Net Assets	<u>\$ 771,184</u>	<u>\$ 162,555</u>	<u>\$ 933,739</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 529,468	\$ 45,201	\$ 0	\$ 0	\$ (484,267)	\$ 0	\$ (484,267)
Security of Persons and Property	806,637	84,694	0	0	(721,943)	0	(721,943)
Leisure Time Activities	240,378	157,904	10,099	0	(72,375)	0	(72,375)
Community Environment	24,050	2,650	0	0	(21,400)	0	(21,400)
Basic Utility Services	81,135	0	10,084	0	(71,051)	0	(71,051)
Transportation	1,597,275	0	0	544,463	(1,052,812)	0	(1,052,812)
Capital Outlay	232,962	0	0	0	(232,962)	0	(232,962)
Debt Service:							
Principal	61,789	0	0	0	(61,789)	0	(61,789)
Interest and Fiscal Charges	66,881	0	0	0	(66,881)	0	(66,881)
Total Governmental Activities	<u>3,640,575</u>	<u>290,449</u>	<u>20,183</u>	<u>544,463</u>	<u>(2,785,480)</u>	<u>0</u>	<u>(2,785,480)</u>
Business-type Activities							
Sewer	510,170	270,845	0	0	0	(239,325)	(239,325)
Refuse	116,709	115,855	0	0	0	(854)	(854)
Waste Water Treatment	416,973	370,141	0	0	0	(46,832)	(46,832)
Total Business-type Activities	<u>1,043,852</u>	<u>756,841</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(287,011)</u>	<u>(287,011)</u>
Total Primary Government	<u>\$ 4,684,427</u>	<u>\$ 1,047,290</u>	<u>\$ 20,183</u>	<u>\$ 544,463</u>	<u>(2,785,480)</u>	<u>(287,011)</u>	<u>(3,072,491)</u>
General Receipts							
Property and Other Local Taxes					1,952,012	0	1,952,012
Grants and Entitlements Not Restricted to Special Programs					126,711	0	126,711
Special Assessments					11,163	29,355	40,518
Proceeds from Loans					557,297	242,166	799,463
Sale of Capital Assets					8,000	199	8,199
Earnings on Investments					21,532	0	21,532
Miscellaneous					121,424	0	121,424
Total General Receipts					<u>2,798,139</u>	<u>271,720</u>	<u>3,069,859</u>
Change in Net Assets					12,659	(15,291)	(2,632)
Net Assets at Beginning of Year, as Restated					758,525	177,846	936,371
Net Assets at End of Year					<u>\$ 771,184</u>	<u>\$ 162,555</u>	<u>\$ 933,739</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF CASH ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Safety Services</u>	<u>Capital Improvement Special Revenue</u>	<u>Mulberry Street Paving</u>	<u>Traffic Control Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>							
Equity in Pooled Cash and Cash Equivalents	\$ 208,730	\$ 81,895	\$ 147,294	\$ 38,974	\$ 0	\$ 294,291	\$ 771,184
Total Assets	<u>\$ 208,730</u>	<u>\$ 81,895</u>	<u>\$ 147,294</u>	<u>\$ 38,974</u>	<u>\$ 0</u>	<u>\$ 294,291</u>	<u>\$ 771,184</u>
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 6,297	\$ 505	\$ 3,378	\$ 0	\$ 0	\$ 27,158	\$ 37,338
Unreserved:							
Undesignated, Reported in:							
General Fund	202,433	0	0	0	0	0	202,433
Special Revenue Funds	0	81,390	143,916	0	0	241,077	466,383
Capital Projects Funds	0	0	0	38,974	0	3,739	42,713
Debt Service Funds	0	0	0	0	0	22,317	22,317
Total Fund Balances	<u>\$ 208,730</u>	<u>\$ 81,895</u>	<u>\$ 147,294</u>	<u>\$ 38,974</u>	<u>\$ 0</u>	<u>\$ 294,291</u>	<u>\$ 771,184</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Safety Services	Capital Improvement Special Revenue	Mulberry Street Paving	Traffic Control Grant	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 692,280	\$ 479,914	\$ 479,478	\$ 0	\$ 0	\$ 300,340	\$ 1,952,012
Intergovernmental	96,660	0	0	0	361,575	233,122	691,357
Special Assessments	0	0	11,163	0	0	0	11,163
Charges for Services	73	0	0	0	0	254,797	254,870
Fines, Licenses, and Permits	34,566	0	0	0	0	1,013	35,579
Earnings on Investments	15,766	0	0	0	0	5,766	21,532
Miscellaneous	28,224	50	54,826	0	0	38,324	121,424
Total Receipts	<u>867,569</u>	<u>479,964</u>	<u>545,467</u>	<u>0</u>	<u>361,575</u>	<u>833,362</u>	<u>3,087,937</u>
Disbursements							
Current:							
General Government	489,317	0	40,151	0	0	0	529,468
Security of Persons and Property	167,232	476,983	0	0	0	162,422	806,637
Leisure Time Activities	0	0	6,088	0	0	234,290	240,378
Community Environment	0	0	24,050	0	0	0	24,050
Basic Utility Services	0	0	0	0	0	81,135	81,135
Transportation	180,129	0	328,160	466,270	367,702	255,014	1,597,275
Capital Outlay	111	9,182	34,747	0	0	188,922	232,962
Debt Services:							
Principal Retirements	0	0	40,000	0	0	21,789	61,789
Interest and Fiscal Charges	0	0	54,245	0	0	12,636	66,881
Total Disbursements	<u>836,789</u>	<u>486,165</u>	<u>527,441</u>	<u>466,270</u>	<u>367,702</u>	<u>956,208</u>	<u>3,640,575</u>
Excess of Receipts Over (Under) Disbursements	<u>30,780</u>	<u>(6,201)</u>	<u>18,026</u>	<u>(466,270)</u>	<u>(6,127)</u>	<u>(122,846)</u>	<u>(552,638)</u>
Other Financing Sources (Uses)							
Sale of Capital Assets	0	0	0	0	0	8,000	8,000
Proceeds from Notes	0	0	0	557,297	0	0	557,297
Transfers In	0	0	0	0	0	70,000	70,000
Transfers Out	(70,000)	0	0	0	0	0	(70,000)
Advances In	52,053	0	0	0	0	0	52,053
Advances Out	0	0	0	(52,053)	0	0	(52,053)
Total Other Financing Sources (Uses)	<u>(17,947)</u>	<u>0</u>	<u>0</u>	<u>505,244</u>	<u>0</u>	<u>78,000</u>	<u>565,297</u>
Net Change in Fund Balances	12,833	(6,201)	18,026	38,974	(6,127)	(44,846)	12,659
Fund Balance at Beginning of Year	195,897	88,096	129,268	0	6,127	339,137	758,525
Fund Balance at End of Year	<u>\$ 208,730</u>	<u>\$ 81,895</u>	<u>\$ 147,294</u>	<u>\$ 38,974</u>	<u>\$ 0</u>	<u>\$ 294,291</u>	<u>\$ 771,184</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Receipts</u>				
Property and Other Local Taxes	\$ 639,844	\$ 650,508	\$ 692,280	\$ 41,772
Charges for Services	67	69	73	4
Fines, Licenses, and Permits	31,948	32,480	34,566	2,086
Intergovernmental	89,339	90,828	96,660	5,832
Earnings on Investments	14,572	14,815	15,766	951
Miscellaneous	<u>26,086</u>	<u>26,521</u>	<u>28,224</u>	<u>1,703</u>
Total Receipts	<u>801,856</u>	<u>815,221</u>	<u>867,569</u>	<u>52,348</u>
<u>Disbursements</u>				
Current:				
General Government	517,510	536,431	490,946	45,485
Security of Persons and Property	180,659	187,264	171,385	15,879
Transportation	190,418	197,380	180,644	16,736
Capital Outlay	<u>117</u>	<u>121</u>	<u>111</u>	<u>10</u>
Total Disbursements	<u>888,704</u>	<u>921,196</u>	<u>843,086</u>	<u>78,110</u>
Excess of Receipts Over (Under) Disbursements	<u>(86,848)</u>	<u>(105,975)</u>	<u>24,483</u>	<u>130,458</u>
<u>Other Financing Sources (Uses)</u>				
Advances In	52,053	52,053	52,053	0
Transfers Out	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(17,947)</u>	<u>(17,947)</u>	<u>(17,947)</u>	<u>0</u>
Net Change in Fund Balance	(104,795)	(123,922)	6,536	130,458
Fund Balance at Beginning of Year	177,302	177,302	177,302	0
Prior Year Encumbrances Appropriated	<u>18,595</u>	<u>18,595</u>	<u>18,595</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 91,102</u>	<u>\$ 71,975</u>	<u>\$ 202,433</u>	<u>\$ 130,458</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGET BASIS
SAFETY SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Receipts</u>				
Property and Other Local Taxes	\$ 447,553	\$ 447,553	\$ 479,914	\$ 32,361
Miscellaneous	47	47	50	3
Total Receipts	<u>447,600</u>	<u>447,600</u>	<u>479,964</u>	<u>32,364</u>
<u>Disbursements</u>				
Current:				
Security of Persons and Property	484,151	486,898	477,488	9,410
Capital Outlay	9,310	9,363	9,182	181
Total Disbursements	<u>493,461</u>	<u>496,261</u>	<u>486,670</u>	<u>9,591</u>
Net Change in Fund Balance	(45,861)	(48,661)	(6,706)	41,955
Fund Balance at Beginning of year	88,003	88,003	88,003	0
Prior Year Encumbrances Appropriated	<u>93</u>	<u>93</u>	<u>93</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 42,235</u>	<u>\$ 39,435</u>	<u>\$ 81,390</u>	<u>\$ 41,955</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGET BASIS
CAPITAL IMPROVEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Receipts</u>				
Property and Other Local Taxes	\$ 402,380	\$ 453,206	\$ 479,478	\$ 26,272
Special Assessments	9,368	10,551	11,163	612
Miscellaneous	<u>46,010</u>	<u>51,822</u>	<u>54,826</u>	<u>3,004</u>
Total Receipts	<u>457,758</u>	<u>515,579</u>	<u>545,467</u>	<u>29,888</u>
<u>Disbursements</u>				
Current:				
General Government	40,689	41,907	40,151	1,756
Leisure Time Activities	8,551	8,807	8,438	369
Community Environment	24,372	25,102	24,050	1,052
Transportation	333,595	343,582	329,188	14,394
Capital Outlay	35,212	36,266	34,747	1,519
Principal and Interest	<u>95,507</u>	<u>98,366</u>	<u>94,245</u>	<u>4,121</u>
Total Disbursements	<u>537,926</u>	<u>554,030</u>	<u>530,819</u>	<u>23,211</u>
Net Change in fund Balance	(80,168)	(38,451)	14,648	53,099
Fund Balance at Beginning of Year	124,548	124,548	124,548	0
Prior Year Encumbrances Appropriated	<u>4,720</u>	<u>4,720</u>	<u>4,720</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 49,100</u>	<u>\$ 90,817</u>	<u>\$ 143,916</u>	<u>\$ 53,099</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2008**

	Business-Type Activities			Total Enterprise Funds
	Sewer	Refuse	Waste Water Treatment	
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 81,966	\$ 43,942	\$ 36,647	\$ 162,555
Total Assets	<u>\$ 81,966</u>	<u>\$ 43,942</u>	<u>\$ 36,647</u>	<u>\$ 162,555</u>
<u>Net Assets</u>				
Unrestricted	\$ 81,966	\$ 43,942	\$ 36,647	\$ 162,555
Total Net Assets	<u>\$ 81,966</u>	<u>\$ 43,942</u>	<u>\$ 36,647</u>	<u>\$ 162,555</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND NET ASSETS -
CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Business-Type Activities			Total Enterprise Funds
	Sewer	Refuse	Waste Water Treatment	
<u>Operating Receipts</u>				
Charges for Services	\$ 270,845	\$ 115,855	\$ 370,141	\$ 756,841
Total Operating Receipts	<u>270,845</u>	<u>115,855</u>	<u>370,141</u>	<u>756,841</u>
<u>Operating Disbursements</u>				
Purchased Services	9,994	0	17,406	27,400
Personal Services	0	3,172	136,581	139,753
Fringe Benefits	0	717	72,408	73,125
Contractual Services	271,455	112,320	145,490	529,265
Materials and Supplies	0	0	21,854	21,854
Capital Outlay	57,482	0	15,722	73,204
Other	5,440	500	7,512	13,452
Total Operating Disbursements	<u>344,371</u>	<u>116,709</u>	<u>416,973</u>	<u>878,053</u>
Operating Income (Loss)	<u>(73,526)</u>	<u>(854)</u>	<u>(46,832)</u>	<u>(121,212)</u>
<u>Non-Operating Receipts (Disbursements)</u>				
Special Assessments	11,672	7,108	10,575	29,355
Sale of Capital Assets	199	0	0	199
Principal Payments	(113,529)	0	0	(113,529)
Interest and Fiscal Charges	(52,270)	0	0	(52,270)
Proceeds from Loans	242,166	0	0	242,166
Total Non-Operating Receipts (Disbursements)	<u>88,238</u>	<u>7,108</u>	<u>10,575</u>	<u>105,921</u>
Change in Net Assets	14,712	6,254	(36,257)	(15,291)
Net Assets as Beginning of Year, as Restated	<u>67,254</u>	<u>37,688</u>	<u>72,904</u>	<u>177,846</u>
Net Assets at End of Year	<u>\$ 81,966</u>	<u>\$ 43,942</u>	<u>\$ 36,647</u>	<u>\$ 162,555</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2008**

	<u>Private Purpose Trust Scholarship Fund</u>	<u>Agency Funds</u>
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$ 283	\$ 23,700
Total Assets	<u>\$ 283</u>	<u>\$ 23,700</u>
<u>Liabilities</u>		
Deposits Held and Due to Others	\$ 0	\$ 23,700
Total Liabilities	<u>0</u>	<u>\$ 23,700</u>
<u>Net Assets</u>		
Held in Trust for Scholarships	<u>\$ 283</u>	

See accompanying notes to the basic financial statements.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

See accompanying notes to the basic financial statements.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1: **REPORTING ENTITY**

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

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

A. Primary Government

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

B. Component Units

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

The Village participates in one public entity risk pool. Note 10 to the financial statements provide additional information for this entity. The organization is:

Public Entity Risk Pool: Ohio Municipal Joint Self-Insurance Pool

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

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted (GAAP) in the United States of America. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies:

A. Basis of Presentation

The Village's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance, investments, and all cash balances of the governmental activities and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

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

Government-wide Financial Statements (Continued)

goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. **Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are as follows:

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

B. **Fund Accounting** (Continued)

Governmental Funds (Continued)

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

Safety Services Fund - This fund receives fees and General Fund transfers to fund police and fire services of the Village.

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

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

Traffic Control Grant Fund - This fund accounts for the resources used to install a new traffic light on State Route 46.

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

Proprietary Funds

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Sewer Fund, the Waste Water Treatment Fund, and the Refuse Fund.

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

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

B. **Fund Accounting** (Continued)

Proprietary Funds (Continued)

Enterprise Funds (Continued)

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

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

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

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village's only trust fund is a private purpose trust, which accounts for money set aside for scholarships. The income from such a fund may be expended, but the principal must remain intact. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village's agency funds are: Unclaimed Funds, Utility Deposits, Bid Performance Bond, Jefferson Marketing Fund, and Scholarship Fund.

C. **Basis of Accounting**

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when the liability is incurred.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

C. **Basis of Accounting** (Continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities and the related expenses) are not recorded in these financial statements.

D. **Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds. The General Fund is broken down to show the amount that each department contained within the fund has been appropriated.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

E. Cash and Investments

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

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

During 2008, the Village invested in a money market account, STAROhio, and U.S. Government securities. The U.S. Government securities are reported at cost. The Village’s money market account is recorded at the amount reported by the financial institutions at December 31, 2008.

STAROhio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on December 31, 2008.

Interest earnings on investments are allocated to Village funds according to State statutes, grant requirements, or debt related requirements. Interest receipts credited to the General Fund during 2008 was \$15,766.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets as of December 31, 2008.

G. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. There was one advance repaid in 2008 for \$52,053 that was repaid to the General Fund from the Mulberry Street Paving Fund.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)**

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

H. Property, Plant, and Equipment

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

J. Fund Balance Reserves

The Village reserves any portion of fund balances which are not available for appropriation or which are legally separate for a specific use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves that have been established for encumbrances were \$37,338 in the governmental funds for 2008.

NOTE 3: **RESTATEMENT OF NET ASSETS**

The Recreation Rental Deposit Fund previously reported as other governmental (special revenue) funds was classified as a fiduciary (agency) fund and the Main Plant Rehab RD 20 Fund previously reported as other governmental (debt service) funds was reclassified as a propriety (enterprise) fund. The restatement of governmental activities and business-type activities is as follows:

	Governmental Funds	Enterprise Funds
Net Assets at December 31, 2007	\$ 780,618	\$ 157,206
Reclassification of Other Governmental Funds to Agency Fund	(1,453)	0
Reclassification of Other Governmental Funds to Enterprise (Sewer) Fund	(20,640)	20,640
Adjusted Net Assets at December 31, 2007	\$ 758,525	\$ 177,846

Debt service payments were also adjusted in the prior year in order to charge capital lease payments directly to the related functions to be consistent with current year.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)**

NOTE 4: **ACCOUNTABILITY AND COMPLIANCE**

Legal Compliance

Appropriations Exceed Actual Resources - Ohio Revised Code 5705.36 (A)(4) requires the Village to obtain a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation. The following funds had appropriations exceeding actual resources as of December 31, 2008:

Fund No.	<u>Description</u>	<u>Actual Resources</u>	<u>Total Final Appropriations</u>	<u>Variance</u>
	<i><u>Other Governmental Funds</u></i>			
460	Traffic Control Grant	\$ 365,427	\$ 474,535	\$ (109,108)
	<i><u>Proprietary (Enterprise) Funds</u></i>			
270	Main Plant Rehab (Sewer Fund)	199,477	397,088	(197,611)
290	Sewer Extension (Sewer Fund)	63,328	66,265	(2,937)

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

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VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 5: BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual - Budgetary Basis presented for the General Fund, the Safety Services Fund, and the Capital Improvement Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The prior year encumbrances outstanding at year end 2008 (budgetary basis) amounted to \$18,595 for the General Fund, \$93 for the Safety Services Fund, and \$4,720 for the Capital Improvement Special Revenue Fund. The current year encumbrances outstanding at December 31, 2008 (budgetary basis) amounted to \$6,297 for the General Fund, \$505 for the Safety Services Fund, and \$3,378 for the Capital Improvement Special Revenue Fund. There was an outstanding advance from the prior year that was repaid to the General Fund from the Mulberry Street Paving Fund in the amount of \$52,053.

NOTE 6: DEPOSITS AND INVESTMENTS

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

Active deposits are public monies determined to be necessary to meet current demands on the Village treasury. Active monies must be maintained either as cash in the Village Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 6: **DEPOSITS AND INVESTMENTS** (Continued)

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

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

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 6: **DEPOSITS AND INVESTMENTS** (Continued)

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

A. Cash on Hand

At December 31, 2008, the Village had \$1,000 in undeposited cash on hand, which is included on the balance sheet of the Village as part of "Equity in Pooled Cash and Cash Equivalents".

B. Deposits

At December 31, 2008, the carrying amount of the Village's deposits was \$635,940, and the bank balance was \$780,899. Of the bank balance, \$433,797 was covered by Federal Depository Insurance. Although all State statutory requirements for the deposit of money have been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of a bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2008, \$347,102 of the Village's bank balance of \$780,899 was exposed to custodial credit risk.

The Village has no depository policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

As of December 31, 2008, the Village had the following deposits and cash on hand:

Demand Deposits	\$ 355,668
Certificates of Deposit	<u>280,272</u>
Total Deposits	<u>\$ 635,940</u>

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)**

NOTE 6: **DEPOSITS AND INVESTMENTS** (Continued)

C. **Investments**

The stated purpose of an investment policy is to establish investment objectives of the Village in compliance with Federal, State, and local laws. Specifically, Chapter 135 of the Ohio Revised Code (the Uniform Depository Act) and Sections 731.55 through 731.59 of the Ohio Revised Code shall be adhered to at all times. The Village has a formal investment policy.

As of December 31, 2008, the Village had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Less than 1 Year</u>
Money Market Fund	\$ 33,755	\$ 33,755
U.S. Government Securities	30,000	30,000
STAROhio	<u>257,027</u>	<u>257,027</u>
Total Investments	<u>\$ 320,782</u>	<u>\$ 320,782</u>

D. **Interest Rate Risk**

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

E. **Credit Risk**

The credit risk of the Village's investments is shown in the table below. The Village has no investment policy that would further limit its investment choices other than limitations imposed by the Ohio Revised Code.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)**

NOTE 6: **DEPOSITS AND INVESTMENTS** (Continued)

F. Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Government Securities are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name. The Village has no investment policy dealing with investment custodial risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the Clerk/Treasurer or qualified trustee.

G. Concentration of Credit Risk

The Village places no limit on the amount it may invest in one issuer. The following table includes the percentage of each investment type held by the Village at December 31, 2008:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>% of Total</u>	<u>Credit Rating</u>
Money Market Fund	\$ 33,755	10.5%	AAAm
U.S. Government Securities	30,000	9.4%	AAA
STAROhio	<u>257,027</u>	<u>80.1%</u>	AAA
Total Investments	<u>\$ 320,782</u>	<u>100.0%</u>	

Credit ratings were obtained from Standard & Poor's for all investments.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)**

NOTE 6: **DEPOSITS AND INVESTMENTS** (Continued)

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

The following is a reconciliation of cash and investments as reported in the footnote above to the cash and investments reported on the statement of net assets as of December 31, 2008.

Cash and Investments per Footnote

Cash on Hand	\$ 1,000
Carrying Amount of Deposits	635,940
Carrying Value of Investments	<u>320,782</u>
Total Cash and Investments per Footnote	<u>\$ 957,722</u>

Cash and Cash Equivalents per Statement of Net Assets

Governmental Activities	\$ 771,184
Business-Type Activities	162,555
Fiduciary Funds	<u>23,983</u>
Total Cash and Cash Equivalents per Statement of Net Assets	<u>\$ 957,722</u>

NOTE 7: **INTERFUND TRANSFERS**

Following is a summary of transfers in and out for all funds for 2008:

<u>Transfers From</u>	<u>Transfer to</u>	
	<u>Other</u>	<u>Government</u>
	<u>Fund</u>	<u>Total</u>
General Fund	<u>\$ 70,000</u>	<u>\$ 70,000</u>
Total Transfers	<u>\$ 70,000</u>	<u>\$ 70,000</u>

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

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 8: PROPERTY TAXES

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

Real property taxes received in 2008 were levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State Statute at 35 percent of appraised market values.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2006. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

The full tax rate for 2008 Village property tax receipts was \$8.53 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 8: **PROPERTY TAXES** (Continued)

Real Property:	
Residential and Agricultural	\$ 37,780,680
Commercial/Industrial/Mineral	18,169,970
Public Utility Property:	
Real	5,210
Personal	2,638,430
Tangible Personal Property	4,740,660
Total Assessed Value	<u>\$ 63,334,950</u>

NOTE 9: **LOCAL INCOME TAX**

The Village levies an income tax whose proceeds are placed into the General Fund and the Capital Improvement Fund. The Village's income tax rate changed to 1.5 percent from 1 percent as of July 1, 2005. The Village levies and collects on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village of Jefferson at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

NOTE 10: **RISK MANAGEMENT**

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

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and auto liability coverage. During 2008, the Village contracted with Fireman's Fund Insurance Company for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage Limits</u>	<u>Deductible</u>
Fireman's Fund Ins.	Commercial and Personal Property Coverage (includes Boiler and Machinery coverage)	\$ 2,000,000	\$ 1,000
	Crime - Employee Dishonesty	50,000	250
	General Liability	1,000,000/2,000,000	0
	Damage to Premises	100,000	0
	Medical Expense	5,000	0
	Stop Gap	1,000,000/1,000,000	0
	Employee Benefits Liability	1,000,000/2,000,000	1,000
	Law Enforcement Liability	1,000,000/2,000,000	1,000
	Public Officials Liability	1,000,000/2,000,000	3,500
	Business Auto Coverage		
	- Auto Liability	1,000,000	0
	Commercial Umbrella	1,000,000/1,000,000	1,000

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 10: **RISK MANAGEMENT** (Continued)

The umbrella policy was acquired to cover losses which exceed the primary coverage limits.

NOTE 11: **DEFINED BENEFIT PENSION PLANS**

All Village full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit plans.

A. **Ohio Public Employees Retirement System**

The following information was provided by the Ohio Public Employees Retirement System (OPERS) to assist the Village in complying with GASB Statement No. 27, *“Accounting for Pensions by State and Local Government Employers.”*

All Village full-time employees, other than non-administrative full-time police officers participate in OPERS which administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional pension plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 11: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. **Ohio Public Employees Retirement System** (Continued)

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the Traditional Plan, were required to contribute 10.00 percent of their annual covered salary to fund pension obligations. Members participating in the Traditional Plan who were in law enforcement or public safety contributed 10.1 percent. The Village contributed 14.00 percent of covered payroll, of which 7.00 percent was used to fund health care coverage for retirees. The contribution rate is determined actuarially. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village of Jefferson's required contributions for pension obligations to all three plans for the years ended December 31, 2008, 2007, and 2006 were \$48,841, \$57,716, and \$53,159, respectively. The full amount has been contributed for 2008, 2007, and 2006.

B. **Ohio Police and Fire Pension Fund**

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

Plan members are required to contribute 10.00 percent of their annual covered salary, while employers are required to contribute 19.50 percent for police officers. Contributions are authorized by state statute. The Village of Jefferson's required contributions to the OP&F Fund for the years ending December 31, 2008, 2007, and 2006 were \$48,841, \$57,716, and \$53,159, respectively. 77.23 percent has been contributed for 2008 and 100 percent for years 2007 and 2006.

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)**

NOTE 12: POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. The 2008 employer contributions rate was 14.00 percent of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS's Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.00 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 12: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Ohio Public Employees Retirement System** (Continued)

Benefits are advance-funded on an actuarially determined basis. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 percent. An annual increase of 4.00 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00 percent base increase, were assumed to range from 0.50 percent to 6.30 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50 percent to 4.00 percent for the next seven years. In subsequent years (8 and beyond) health care costs were assumed to increase at 4.00 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25.00 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12.00 percent corridor.

As of December 31, 2008, the number of active contributing participants in the Traditional Pension and Combined plans totaled 363,503. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076. Actual Village contributions for 2008 which were used to fund post-employment benefits were \$48,841. OPERS' net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$29.8 billion and \$17.0 billion, respectively.

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

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 12: **POST-EMPLOYMENT BENEFITS** (Continued)

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-employment Benefit (“OPEB”) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F’s Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**VILLAGE OF JEFFERSON, OHIO
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)**

NOTE 12: **POST-EMPLOYMENT BENEFITS** (Continued)

B. **Ohio Police and Fire Pension Fund** (Continued)

The Ohio Revised Code provides the statutory authority allowing the OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The total police employer contribution rate is 19.50 percent of covered payroll, of which 6.75 percent of covered payroll was applied to the post-employment health care program during 2008 and 2007. The amount of employer contributions allocated to the health care plan each year is subject to the Trustee's primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h). In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The number of participants eligible to receive health care benefits as of December 31, 2007, the date of the last actuarial valuation available, was 14,295 for police. The Village's actual contributions for 2008 that were allocated to the health care plan were \$14,158 for police. The OP&F's total health care expenses for the year ending December 31, 2007, the date of the last actuarial valuation available, was \$93,205,319, which was net of member contributions of \$56,031,875.

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VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 13: **DEBT**

Debt outstanding at December 31, 2008 consisted of the following:

	<u>Interest Rate</u>	<u>Balance 12/31/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2008</u>	<u>Principal Due Within One Year</u>
<u>Governmental Activities</u>						
<u>General Obligation Bonds</u>						
Recreation Facility Bonds	6.60%	\$ 1,035,000	\$ 0	\$ 40,000	\$ 995,000	\$ 40,000
<u>General Obligation Notes</u>						
West Cedar Street Special Assessment Notes	4.68%	270,000	0	21,789	248,211	22,809
<u>ODOT-State Infrastructure Bank (SIB) Note</u>						
West Mulberry Street Improvements	3.00%	0	446,200	0	446,200	0
<u>Ohio Public Works Commission Loans</u>						
West Mulberry Street Improvements	0.00%	0	111,097	0	111,097	3,750
<i>Capital Lease Obligations</i>	Various	<u>458,326</u>	<u>42,018</u>	<u>97,351</u>	<u>402,993</u>	<u>124,720</u>
Total Governmental Activities		<u>1,763,326</u>	<u>599,315</u>	<u>159,140</u>	<u>2,203,501</u>	<u>191,279</u>
<u>Business-Type Activities</u>						
<u>Ohio Water Development Authority Loans</u>						
Sewer Construction Loan	4.56%	1,035,113	0	102,217	932,896	106,931
Sewer Construction Loan	4.04%	16,318	0	1,644	14,674	1,712
SR 46 Sewer Ext Loan (#4741)	3.97%	189,986	63,329	4,668	248,647	9,616
<u>Ohio Public Works Commission Loans</u>						
Elm Street Lift Station	0.00%	45,000	0	5,000	40,000	5,000
Wastewater Treatment Plant Upgrades	0.00%	36,352	178,837	0	215,189	0
<i>Capital Lease Obligations</i>	Various	<u>131,909</u>	<u>0</u>	<u>27,104</u>	<u>104,805</u>	<u>31,921</u>
Total Business-Type Activities		<u>1,454,678</u>	<u>242,166</u>	<u>140,633</u>	<u>1,556,211</u>	<u>155,180</u>
Total Debt Outstanding at December 31, 2008		<u>\$ 3,218,004</u>	<u>\$ 841,481</u>	<u>\$ 299,773</u>	<u>\$ 3,759,712</u>	<u>\$ 346,459</u>

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

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

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 13: **DEBT** (Continued)

The ODOT - State Infrastructure Bank (SIB) Note was issued in 2008. It provided \$446,200 in funds for West Mulberry Street Improvements. The note is being repaid in semiannual installments, including interest, until the October 2017 maturity date.

The Ohio Public Works Commission (OPWC) West Mulberry Street Loan provided \$111,097 in funds for West Mulberry Street Improvements. The interest-free loan made in 2008 is being repaid in semi-annual installments of \$3,750 over 20 years.

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

The OWDA State Route 46 Sewer Extension Loan will provide funds for the Village to extend its sanitary sewers at the intersection of State Routes 46, 307, and 167. The OWDA has approved up to \$275,936 in loans to the Village for this project. The loans will be repaid in semi-annual installments, including interest, over 20 years. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. At December 31, 2008, a total of \$258,006 was actually disbursed by the OWDA for the State Route 46 Sewer Extension loan. Of the total amount disbursed, a payment of \$9,787 was still pending at December 31, 2008.

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

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

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

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 13: **DEBT** (Continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008 are as follows:

<u>Due In</u>	<u>Governmental Activities</u>					
	<u>General Obligation Bonds</u>		<u>General</u>		<u>ODOT-SIB Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 40,000	\$ 54,245	\$ 22,809	\$ 11,616	\$ 0	\$ 0
2010	45,000	52,285	23,876	10,549	50,363	14,898
2011	45,000	50,285	24,993	9,432	51,885	13,376
2012	50,000	48,035	26,163	8,262	53,453	11,808
2013	50,000	45,740	27,388	7,037	55,069	10,192
2014-2018	295,000	188,313	122,982	14,718	235,430	23,611
2019-2023	380,000	107,013	0	0	0	0
2024	90,000	14,310	0	0	0	0
	<u>\$ 995,000</u>	<u>\$ 560,226</u>	<u>\$ 248,211</u>	<u>\$ 61,614</u>	<u>\$ 446,200</u>	<u>\$ 73,885</u>

	<u>Governmental Activities</u>					
	<u>Capital Lease Obligations</u>		<u>OPWC</u>	<u>Loans</u>	<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 124,720	\$ 17,923	\$ 3,750	\$ 0	\$ 191,279	\$ 83,784
2010	130,347	12,296	7,500	0	257,086	90,028
2011	121,535	6,409	7,500	0	250,913	79,502
2012	26,391	608	7,500	0	163,507	68,713
2013	0	0	7,500	0	139,957	62,969
2014-2018	0	0	37,500	0	690,912	226,642
2019-2023	0	0	37,500	0	417,500	107,013
2024	0	0	2,347	0	92,347	14,310
	<u>\$ 402,993</u>	<u>\$ 37,236</u>	<u>\$ 111,097</u>	<u>\$ 0</u>	<u>\$2,203,501</u>	<u>\$ 732,961</u>

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 13: **DEBT** (Continued)

<u>Due In</u>	Business-Type Activities					
	OWDA Loans		OPWC Loans		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 118,259	\$ 41,910	\$ 5,000	\$ 0	\$ 31,921	\$ 5,078
2010	123,645	36,909	25,640	0	33,624	3,376
2011	129,277	31,678	25,640	0	35,418	1,582
2012	135,167	26,204	25,640	0	3,842	89
2013	141,326	20,480	25,640	0	0	0
2014-2018	415,391	63,453	118,200	0	0	0
2019-2023	77,177	25,285	29,429	0	0	0
2024-2029	55,975	8,524	0	0	0	0
	<u>\$ 1,196,217</u>	<u>\$ 254,445</u>	<u>\$ 255,189</u>	<u>\$ 0</u>	<u>\$ 104,805</u>	<u>\$ 10,125</u>
	Business-Type Activities					
	Totals					
	Principal	Interest				
2009	\$ 155,180	\$ 46,988				
2010	182,909	40,285				
2011	190,335	33,260				
2012	164,649	26,293				
2013	166,966	20,480				
2014-2018	533,591	63,453				
2019-2023	106,606	25,285				
2024-2029	55,975	8,524				
	<u>\$ 1,556,211</u>	<u>\$ 264,568</u>				

NOTE 14: **CONSTRUCTION AND CONTRACTUAL COMMITMENTS**

Construction and contractual commitments as of December 31, 2008 were as follows:

Sewer Plant Rehabilitation	\$ 132,775
Mulberry Street Paving	99,518
Total	<u>\$ 232,293</u>

VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 15: CONTINGENT LIABILITIES

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

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

NOTE 16: RELATED PARTY TRANSACTION

The Village of Jefferson contracted with DBL Masonry and Concrete during June 2008 for concrete work that was completed at the Village fire department at a total cost of \$39,102. DBL Masonry and Concrete is owned and operated by a member of the Village's fire department. As of December 31, 2008, all work completed by DBL has been paid for by the Village.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Mayor and Members of Village Council
Village of Jefferson
Ashtabula County
Jefferson, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Jefferson, Ohio, as of and for the year ended December 31, 2008, and have issued our report thereon dated July 8, 2009, wherein we noted the Village prepared its financial statements on a cash basis of accounting, which is a basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 one deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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

We consider the following deficiency described in the accompanying Schedule of Findings and Responses to be a significant deficiency in internal control over financial reporting: **Item 2008-001**.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Jefferson, Ohio's internal control.

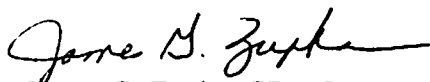
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Jefferson, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Jefferson, Ohio, in a separate letter dated July 8, 2009.

The Village of Jefferson, Ohio's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the Village of Jefferson, Ohio's response and, accordingly, we express no opinion on it.

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


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

July 8, 2009

**VILLAGE OF JEFFERSON, OHIO
ASHTABULA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Item 2008-001: Financial Statements

Condition/Criteria

Sound financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements generated by the GASB reporting system that required audit adjustment or reclassification:

- The statement of activities and the fund financial statements prepared by the Village had various errors that required adjustment and reclassification.
- Other financing sources/uses section was shown as one lump sum instead of detailing by line item on fund financial statements.
- Grant revenue was incorrectly reported in several instances.
- Homestead/Rollback receipts were improperly recorded as property and local tax revenues.
- Some debt proceeds and debt expenditures were not properly recorded.

Cause/Effect

Financial statement classifications were not accurate due to improper uploading of amounts to account codes when the year end data is pulled into the GASB reporting system from the financial management reporting system. This caused the draft financial statements to be inaccurate for presentation purposes, but they were correct in total.

Recommendation

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes generated by the GASB reporting system, that will identify and correct errors and omissions.

Client Response

A final review of the financial statements generated by the GASB reporting system will be implemented. The Village Clerk/Treasurer will be responsible to ascertain that financial statements are complete and accurate. These procedures will be implemented by December 31, 2009.

**VILLAGE OF JEFFERSON
ASHTABULA COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or No Longer Valid; Explain
2007-001	Financial Statement Classifications were not accurate due to improper recording of amounts to account codes that required adjustment or reclassification.	No	Re-Issued as Finding 2008-001
2007-002	Per Ohio Revised Code Sections 5705.39 and 5705.16 regarding appropriations estimated resources	Yes	

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



Mary Taylor, CPA
Auditor of State

VILLAGE OF JEFFERSON

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 29, 2009