



**VILLAGE OF WEST JEFFERSON
MADISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2017-2018

VILLAGE OF WEST JEFFERSON
MADISON COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Village of West Jefferson, Madison County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Village of West Jefferson, Madison County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

April 24, 2019

WEST JEFFERSON VILLAGE, MADISON COUNTY
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Taxes	\$ 106,675	\$ -	\$ -	\$ 106,675
Municipal Income Tax	2,940,347	166,374	333,255	3,439,976
Intergovernmental	81,143	213,382	655,996	950,521
Special Assessments	73,158	390,693	-	463,851
Charges for Services	67,712	-	-	67,712
Fines, Licenses and Permits	555,646	78,954	-	634,600
Earnings on Investments	13,528	2,949	6,823	23,300
Miscellaneous	122,057	2,214	-	124,271
<i>Total Cash Receipts</i>	<u>3,960,266</u>	<u>854,566</u>	<u>996,074</u>	<u>5,810,906</u>
Cash Disbursements				
Current:				
Security of Persons & Property	1,569,848	2,765	-	1,572,613
Leisure Time Activities	138,028	4,000	-	142,028
Community Environment	440,273	-	-	440,273
Transportation	-	431,268	-	431,268
General Government	1,060,299	296,162	-	1,356,461
Capital Outlay	-	7,814	393,002	400,816
Debt Service:				
Principal Retirement	66,400	20,015	153,120	239,535
Interest and Fiscal Charges	1,204	-	38,452	39,656
<i>Total Cash Disbursements</i>	<u>3,276,052</u>	<u>762,024</u>	<u>584,574</u>	<u>4,622,650</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>684,214</u>	<u>92,542</u>	<u>411,500</u>	<u>1,188,256</u>
Other Financing Receipts (Disbursements)				
Transfers Out	(55,000)	-	-	(55,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(55,000)</u>	<u>-</u>	<u>-</u>	<u>(55,000)</u>
<i>Net Change in Fund Cash Balances</i>	629,214	92,542	411,500	1,133,256
<i>Fund Cash Balances, January 1</i>	<u>1,292,588</u>	<u>1,517,969</u>	<u>1,222,078</u>	<u>4,032,635</u>
Fund Cash Balances, December 31				
Restricted	-	1,610,511	1,633,578	3,244,089
Assigned	363,986	-	-	363,986
Unassigned (Deficit)	1,557,816	-	-	1,557,816
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,921,802</u>	<u>\$ 1,610,511</u>	<u>\$ 1,633,578</u>	<u>\$ 5,165,891</u>

WEST JEFFERSON VILLAGE, MADISON COUNTY
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018

	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 2,343,365	\$ -	\$ 2,343,365
<i>Total Operating Cash Receipts</i>	<u>2,343,365</u>	<u>-</u>	<u>2,343,365</u>
Operating Cash Disbursements			
Personal Services	499,162	-	499,162
Fringe Benefits	163,378	-	163,378
Contractual Services	613,423	-	613,423
Supplies and Materials	164,442	-	164,442
Claims	-	-	-
Other	17,050	11,000	28,050
<i>Total Operating Cash Disbursements</i>	<u>1,457,455</u>	<u>11,000</u>	<u>1,468,455</u>
<i>Operating Income (Loss)</i>	<u>885,910</u>	<u>(11,000)</u>	<u>874,910</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	104	-	104
Earnings on Investments	12,806	-	12,806
Other Debt Proceeds	4,199,243	-	4,199,243
Capital Outlay	(4,285,747)	-	(4,285,747)
Principal Retirement	(334,727)	-	(334,727)
Interest and Other Fiscal Charges	(85,187)	-	(85,187)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(493,508)</u>	<u>-</u>	<u>(493,508)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>392,402</u>	<u>(11,000)</u>	<u>381,402</u>
<i>Transfers In</i>	<u>55,000</u>	<u>-</u>	<u>55,000</u>
<i>Net Change in Fund Cash Balance</i>	<u>447,402</u>	<u>(11,000)</u>	<u>436,402</u>
<i>Fund Cash Balances, January 1</i>	<u>2,401,008</u>	<u>11,000</u>	<u>2,412,008</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,848,410</u>	<u>\$ -</u>	<u>\$ 2,848,410</u>

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of West Jefferson (the Village), Madison County, 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. A publicly-elected seven-member Council directs the Village. The Village provides water and sewer utilities, pool and park operations, and police services.

Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for that entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Park Development Fund The park development fund accounts for and reports fines, licenses and permits revenue that are restricted to fund the park.

Tax Increment Equivalent Fund The tax increment equivalent fund receives tax increment financing money to fund public infrastructure improvements.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

Capital Projects Fund The capital projects fund accounts for and reports proceeds of 10% of the Income Tax Revenues along with grant funds. The proceeds are restricted for Village wide capital improvements.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Sanitation Fund The Sanitation fund receives charges for services from residents to cover trash collection service costs.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for a fire loss claim as described in Ohio Revised Code Section 3929.86.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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

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

A summary of 2018 budgetary activity appears in Note 3.

Deposits

The Village invests all available funds in interest-bearing checking accounts and CDAR's. Interest earned is recognized and recorded when received.

Capital Assets

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

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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

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

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

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follow:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,096,947	\$ 3,960,266	\$ 863,319
Special Revenue	811,618	854,566	42,948
Capital Projects	764,875	996,074	231,199
Enterprise	6,492,200	6,610,518	118,318
Total	\$ 11,165,640	\$ 12,421,424	\$ 1,255,784

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,834,094	\$ 3,424,544	\$ 409,550
Special Revenue	936,909	769,911	166,998
Capital Projects	1,387,606	1,385,238	2,368
Enterprise	6,751,665	6,295,666	455,999
Agency	11,000	11,000	-
Total	\$ 12,921,274	\$ 11,886,359	\$ 1,034,915

Note 4 – Deposits

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

	2018
Demand deposits	\$ 6,014,301
Certificates of deposit	\$ 2,000,000
Total deposits	\$ 8,014,301

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits (continued)

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 1.0% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 – Interfund Balances

Advances

No advances were made during 2018.

Note 7 - Risk Management

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

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

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

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 - Risk Management (Continued)

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017 (the latest information available), PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (the latest information available).

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	<u>\$31,448,315</u>

At December 31, 2017 (the latest information available), the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership was 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Village's share of these unpaid claims collectible in future years is approximately \$32,000.

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

<u>2018 Contributions to PEP</u> \$ 50,584
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

Some of the Village's Full-Time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. During 2018, OP&F participants contributed 12.25% of their wages. For 2018, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

Social Security

Some of the Village's employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 of the participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA - #4748	1,606,285	2.75%
OWDA - #6941	4,933,289	1.34%
OPWC - #CK07N	270,203	0.00%
OPWC - #CT51P	287,363	0.00%
OPWC - #CK22Q	553,387	0.00%
OPWC - #CK21R	350,000	0.00%
OWDA - #7805 (#6783 Rolled In)	4,995,223	2.78%
	<u>\$ 12,995,750</u>	

During 2007, the Village entered into a loan agreement with OWDA for OWDA Loan #4748 for the water plant improvement project. The original amount of the loan was \$2,131,847. The loan bears an interest rate of 2.75% with payments of \$92,410, including principal and interest.

During 2015, the Village entered into a loan agreement with OWDA for OWDA Loan #6941 for the wastewater treatment plant improvement project construction. The original amount of the loan was \$6,018,355. The loan bears an interest rate of 1.34% with semi-annual payments of \$171,572, including principal and interest.

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

During 2013, the Village entered into a loan agreement with OPWC for OPWC Loan #CT51P various waterline replacements. The original loan amount was \$383,150. The loan bears an interest rate of 0% and is to be paid back in semiannual installments of \$9,579.

During 2014, the Village entered into a loan agreement with OPWC for OPWC Loan #CK22Q for the wellfield and wastewater treatment plant improvement project. The original amount of the loan was \$600,001. The loan bears an interest rate of 0% with semi-annual installments of \$14,956.

During 2015, the Village entered into a loan agreement with OPWC for OPWC Loan #CK21R Westwood Estates Street Improvements. The original loan amount was \$400,000. The loan bears an interest rate of 0% and is to be paid back in semiannual installments of \$10,000.

During 2017, the Village entered into a loan agreement with OWDA for OWDA Loan #7805 for the water plant improvements project. The original amount of the loan was \$5,276,855. The loan bears an interest rate of 2.78% and is to be paid back in semi-annual payments starting in 2020.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Debt (Continued)

Amortization

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

Year ending December 31:	OWDA # 4748	OWDA # 6941	OPWC # CK07N	OPWC # CT51P	OPWC # CK21R	OPWC # CK22Q	OWDA # 7805
2019	184,821	343,144	20,015	19,157	20,000	29,913	-
2020	184,821	343,144	20,015	19,157	20,000	29,913	260,283
2021	184,821	343,144	20,015	19,157	20,000	29,913	260,283
2022	184,821	343,144	20,015	19,157	20,000	29,913	260,283
2023-2027	924,105	1,715,720	100,075	95,788	100,000	149,564	1,301,417
2028-2032	184,821	1,715,720	90,068	95,788	100,000	149,564	1,301,417
2033-2037	-	1,372,576	-	19,157	70,000	134,607	1,301,417
2038-2042	-	-	-	-	-	-	1,301,417
2043-2047	-	-	-	-	-	-	1,301,417
2048-2052	-	-	-	-	-	-	520,568
Total	\$ 1,848,210	\$ 6,176,592	\$ 270,203	\$ 287,361	\$ 350,000	\$ 553,387	\$ 7,808,503

The amortization schedule for OWDA Loan #7805 was not complete as of 12/31/2018 (an estimate was included in this table).

Note 11 – Contingent Liabilities

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

Note 12 – Transfers

During 2018, the following transfers were made:

	Transfers - In	Transfers - Out
General Fund	\$ -	\$ (55,000)
Swimming Pool Fund	55,000	-
	<u>\$ 55,000</u>	<u>\$ (55,000)</u>

The transfer was completed in accordance with the 2018 Budget and Resolution #18-071.

Note 13 – Subsequent Events

During 2018, the Village entered into a loan agreement with the Department of Transportation of the State of Ohio for widening and improving State Route 29. The State Infrastructure Bank Loan amount contributing to the project will be \$1,006,000 and the loan will bear an interest rate of 3.0% and is to be paid back in semi-annual installments of \$37,460.39 beginning in December 2020. Other sources of funding for this State Route 29 Improvement Project will be JobsOhio in the amount of \$1,500,000; Ohio Department of Transportation Jobs & Commerce in the amount of \$500,000; and the balance of the funds are being provided by private funds in the amount of \$3,680,000. As of December 31, 2018, there have been no draws on this loan agreement or related grants and the project has not yet been started.

WEST JEFFERSON VILLAGE, MADISON COUNTY

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Taxes	\$ 80,147	\$ -	\$ -	\$ 80,147
Municipal Income Tax	2,413,148	321,756	482,601	3,217,505
Intergovernmental	87,952	201,975	-	289,927
Special Assessments	69,865	390,684	-	460,549
Charges for Services	26,302	-	-	26,302
Fines, Licenses and Permits	87,161	7,023	-	94,184
Earnings on Investments	1,149	323	870	2,342
Miscellaneous	83,199	3,763	-	86,962
<i>Total Cash Receipts</i>	<u>2,848,923</u>	<u>925,524</u>	<u>483,471</u>	<u>4,257,918</u>
Cash Disbursements				
Current:				
Security of Persons & Property	1,498,237	7,785	-	1,506,022
Leisure Time Activities	82,768	90,178	-	172,946
Community Environment	90,552	-	-	90,552
Transportation	-	414,155	-	414,155
General Government	1,128,506	296,157	-	1,424,663
Capital Outlay	99,377	18,749	344,528	462,654
Debt Service:				
Principal Retirement	65,983	20,015	283,588	369,586
Interest and Fiscal Charges	1,621	-	51,318	52,939
<i>Total Cash Disbursements</i>	<u>2,967,044</u>	<u>847,039</u>	<u>679,434</u>	<u>4,493,517</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(118,121)</u>	<u>78,485</u>	<u>(195,963)</u>	<u>(235,599)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	225	-	170	395
Transfers Out	(31,000)	-	-	(31,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,775)</u>	<u>-</u>	<u>170</u>	<u>(30,605)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(148,896)</u>	<u>78,485</u>	<u>(195,793)</u>	<u>(266,204)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,441,484</u>	<u>1,439,484</u>	<u>1,417,871</u>	<u>4,298,839</u>
Fund Cash Balances, December 31				
Restricted	-	1,517,969	1,222,078	2,740,047
Assigned	756,043	-	-	756,043
Unassigned (Deficit)	536,545	-	-	536,545
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,292,588</u>	<u>\$ 1,517,969</u>	<u>\$ 1,222,078</u>	<u>\$ 4,032,635</u>

WEST JEFFERSON VILLAGE, MADISON COUNTY
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2017*

	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 2,052,859	\$ -	\$ 2,052,859
<i>Total Operating Cash Receipts</i>	<u>2,052,859</u>	<u>-</u>	<u>2,052,859</u>
Operating Cash Disbursements			
Personal Services	468,863	-	468,863
Fringe Benefits	149,393	-	149,393
Contractual Services	636,690	-	636,690
Supplies and Materials	194,872	-	194,872
Other	32,577	-	32,577
<i>Total Operating Cash Disbursements</i>	<u>1,482,395</u>	<u>-</u>	<u>1,482,395</u>
<i>Operating Income (Loss)</i>	<u>570,464</u>	<u>-</u>	<u>570,464</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	6,733	-	6,733
Earnings on Investments	945	-	945
Other Debt Proceeds	547,949	-	547,949
Miscellaneous Receipts	4,063	11,000	15,063
Capital Outlay	(613,174)	-	(613,174)
Principal Retirement	(202,609)	-	(202,609)
Interest and Other Fiscal Charges	(53,278)	-	(53,278)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(309,371)</u>	<u>11,000</u>	<u>(298,371)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>261,093</u>	<u>11,000</u>	<u>272,093</u>
<i>Transfers In</i>	<u>31,000</u>	<u>-</u>	<u>31,000</u>
<i>Net Change in Fund Cash Balance</i>	<u>292,093</u>	<u>11,000</u>	<u>303,093</u>
<i>Fund Cash Balances, January 1</i>	<u>2,108,915</u>	<u>-</u>	<u>2,108,915</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,401,008</u>	<u>\$ 11,000</u>	<u>\$ 2,412,008</u>

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of West Jefferson (the Village), Madison County, 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. A publicly-elected seven-member Council directs the Village. The Village provides water and sewer utilities, pool and park operations, and police services.

Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for that entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Park Development Fund The park development fund accounts for and reports fines, licenses and permits revenue that are restricted to fund the park.

Tax Increment Equivalent Fund The tax increment equivalent fund receives tax increment financing money to fund public infrastructure improvements.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

Capital Projects Fund The capital projects fund accounts for and reports proceeds of 20% of the Income Tax Revenues along with grant funds. The proceeds are restricted for Village wide capital improvements.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Sanitation Fund The Sanitation fund receives charges for services from residents to cover trash collection service costs.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for a fire loss claim as described in Ohio Revised Code Section 3929.86.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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

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

A summary of 2017 budgetary activity appears in Note 3.

Deposits

The Village invests all available funds in interest-bearing checking accounts. Interest earned is recognized and recorded when received.

Capital Assets

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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

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

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

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

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follow:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,873,712	\$ 2,849,148	\$ (24,564)
Special Revenue	944,644	925,524	(19,120)
Capital Projects	958,357	483,641	(474,716)
Enterprise	2,621,088	2,643,549	22,461
Total	\$ 7,397,801	\$ 6,901,862	\$ (495,939)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,178,682	\$ 3,055,941	\$ 122,741
Special Revenue	942,187	857,926	84,261
Capital Projects	1,491,088	712,400	778,688
Enterprise	2,625,724	2,419,914	205,810
Total	\$ 8,237,681	\$ 7,046,181	\$ 1,191,500

Note 4 – Deposits

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

	2017
Demand deposits	\$ 6,444,643
Total deposits	\$ 6,444,643

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 – Interfund Balances

Advances

No advances were made during 2017.

Note 7 - Risk Management

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 - Risk Management (Continued)

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Position	<u>\$31,448,315</u>

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership was 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$31,000.

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

<u>2017 Contributions to PEP</u> \$ 48,926
--

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

Employee Health, Vision and Dental Insurance

The Village joined the Ohio Public Entity Consortium Health Care Cooperative's (OPEC-HC) joint self-insurance program to provide health care benefits which includes medical, hospitalization, prescription, dental, vision and life coverage. The intent of the OPEC-HC is to achieve the benefit of a reduced premium for the Village by virtue of its grouping and representation with other participants in the OPEC-HC. Monthly premiums are paid to the marketing firm, Ohio Insurance Services Agency, Inc. The Consortium contracted with a third party administrator, Jefferson Health Plan, to handle stop loss coverage. In December 2017, the OPEC-HC Board of Directors announced that the OPEC-HC would be dissolved as of January 1, 2018. The Village acquired health care coverage for its employees through a traditional health plan effective January 1, 2018. The Village will continue six months of stop loss coverage with Jefferson Health Plan for any and all claims that were incurred in 2017 but not reported or paid on or before December 31, 2017.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Some of the Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. During 2017, OP&F participants contributed 12.25% of their wages. For 2017, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

Social Security

Some of the Village's employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 of the participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA - #3723	\$ 80,246	3.00%
OWDA - #4748	1,744,085	2.75%
OWDA - #6941	5,200,421	1.34%
OWDA - #7805	807,416	2.78%
OPWC - #CK07N	290,218	0.00%
OPWC - #CT51P	306,520	0.00%
OPWC - #CK22Q	583,299	0.00%
OPWC - #CK21R	370,000	0.00%
	<u>\$ 9,382,205</u>	

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 10 – Debt (Continued)

During 2004, the Village entered into a loan agreement with OWDA for OWDA Loan #3723 for the construction of a 250,000 gallon water tower and water and sewer line installation for the Target Distribution Center. MTB Corp. developed the land for the Target Distribution Center and MTB Corp. partnered with the Village to obtain financing. MTB Corp. is then reimbursing the Village for the loan payments. The original amount of the loan was \$704,393. The loan bears an interest rate of 3.0% and is to be paid back over 15 years in semiannual installments of \$41,028 including principal and interest.

During 2007, the Village entered into a loan agreement with OWDA for OWDA Loan #4748 for the water plant improvement project. The original amount of the loan was \$2,131,847. The loan bears an interest rate of 2.75% with payments of \$92,410, including principal and interest.

During 2015, the Village entered into a loan agreement with OWDA for OWDA Loan #6941 for the wastewater treatment plant improvement project construction. The original amount of the loan was \$6,018,355. The loan bears an interest rate of 1.34% with semi-annual payments of \$171,572, including principal and interest.

During 2014, the Village entered into a loan agreement with OPWC for OPWC Loan #CK22Q for the wellfield and wastewater treatment plant improvement project. The original amount of the loan was \$600,001. The loan bears an interest rate of 0% with semi-annual installments of \$14,956.

During 2014, the Village entered into a loan agreement with OWDA for OWDA Loan #6783 for the water plant improvements project. The original amount of the loan was \$465,752. The loan bears an interest rate of 4.31% and is to be paid back in semi-annual payments of \$11,250. During 2017, the remaining loan balance of \$332,354 was transferred to Loan #7805.

During 2017, the Village entered into a loan agreement with OWDA for OWDA Loan #7805 for the water plant improvements project. The original amount of the loan was \$5,276,855. The loan bears an interest rate of 2.78% and is to be paid back in semi-annual payments starting in 2020.

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

During 2013, the Village entered into a loan agreement with OPWC for OPWC Loan #CT51P various waterline replacements. The original loan amount was \$383,150. The loan bears an interest rate of 0% and is to be paid back in semiannual installments of \$9,579.

During 2015, the Village entered into a loan agreement with OPWC for OPWC Loan #CK21R Westwood Estates Street Improvements. The original loan amount was \$400,000. The loan bears an interest rate of 0% and is to be paid back in semiannual installments of \$10,000.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Amortization

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

Year ending December 31:	OWDA # 3723	OWDA # 4748	OWDA # 6941	OWDA #7805	OPWC # CK07N	OPWC # CT51P	OPWC # CK21R	OPWC # CK22Q
2018	82,056	184,421	343,144	-	20,015	19,157	20,000	29,913
2019	-	184,421	343,144	-	20,015	19,157	20,000	29,913
2020	-	184,421	343,144	260,283	20,015	19,157	20,000	29,913
2021	-	184,421	343,144	260,283	20,015	19,157	20,000	29,913
2022-2026	-	924,105	1,715,720	1,301,417	100,075	95,788	100,000	149,565
2027-2031	-	369,642	1,715,720	1,301,417	100,075	95,788	100,000	149,565
2032-2036	-		1,715,720	1,301,417	10,006	38,315	90,000	149,565
2037-2041	-		-	1,301,417	-	-	-	14,956
2042-2046				1,301,417				
2047-2051				780,849				
Total	\$ 82,056	\$ 2,031,431	\$ 6,519,736	\$ 7,808,500	\$ 290,216	\$ 306,519	\$ 370,000	\$ 583,303

Note 11 – Contingent Liabilities

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

Note 12 – Transfers

During 2017, the following transfers were made:

	Transfers - In	Transfers - Out
General Fund	\$ -	\$ (31,000)
Swimming Pool Fund	31,000	-
	\$ 31,000	\$ (31,000)

The transfer was completed in accordance with Resolution #17-038.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of West Jefferson, Madison County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated April 24, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

April 24, 2019

VILLAGE OF WEST JEFFERSON

Rebecca Arnott
Director of Finance

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS December 31, 2018 and 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Posting Receipts, Disbursements and Classification of Fund Balances	Partially Corrected	Current period errors identified in fund balance classifications as well as immaterial receipt classification errors. Due to being partially corrected, this issues has been reported in a Management Letter and not included in the audit report Schedule of Findings.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WEST JEFFERSON

MADISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2019**