

VILLAGE OF WEST JEFFERSON
MADISON COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2022 & 2021**



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Members of the Village Council
Village of West Jefferson
28 East Main Street
West Jefferson, OH 43162-1295

We have reviewed the *Independent Auditor's Report* of the Village of West Jefferson, Madison County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 18, 2023

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**VILLAGE OF WEST JEFFERSON
MADISON COUNTY, OHIO**

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Independent Auditor's Report

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

To the Members of the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of West Jefferson, Madison County, Ohio, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of West Jefferson, as of and for the years ended December 31, 2022 and 2021 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 2.

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*” section of our report, the accompanying 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 of West Jefferson, as of December 31, 2022 and 2021, or changes in financial position, and cash flows thereof for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the “*Auditor's Responsibilities for the Audit of the Financial Statements*” section of our report. We are required to be independent of the Village of West Jefferson and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village of West Jefferson on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Though the Village of West Jefferson 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(C) permit. Our opinion on this accounting basis is in the "*Unmodified Opinion on Regulatory Basis of Accounting*" paragraph above.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of West Jefferson's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of West Jefferson's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of West Jefferson's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2023 on our consideration of the Village of West Jefferson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Village of West Jefferson's 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 of West Jefferson's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 2, 2023

Village of West Jefferson
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, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 121,553	\$ -	\$ -	\$ 121,553
Municipal Income Tax	7,432,505	-	-	7,432,505
Intergovernmental	260,207	595,947	-	856,154
Special Assessments	-	441,980	-	441,980
Charges for Services	106,987	-	-	106,987
Fines, Licenses and Permits	1,154,346	153,353	-	1,307,699
Earnings on Investments	86,632	5,693	11,299	103,624
Miscellaneous	39,544	4,046	2,000	45,590
<i>Total Cash Receipts</i>	<u>9,201,774</u>	<u>1,201,019</u>	<u>13,299</u>	<u>10,416,092</u>
Cash Disbursements				
Current:				
Security of Persons and Property	2,518,357	-	-	2,518,357
Public Health Services	-	459,000	-	459,000
Leisure Time Activities	177,049	769,593	-	946,642
Community Environment	812,834	-	-	812,834
Transportation	-	818,357	-	818,357
General Government	3,517,519	872,524	-	4,390,043
Capital Outlay	-	58,177	175,062	233,239
Debt Service:				
Principal Retirement	-	75,164	82,648	157,812
Interest and Fiscal Charges	-	30,747	72,316	103,063
<i>Total Cash Disbursements</i>	<u>7,025,759</u>	<u>3,083,562</u>	<u>330,026</u>	<u>10,439,347</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,176,015</u>	<u>(1,882,543)</u>	<u>(316,727)</u>	<u>(23,255)</u>
Other Financing Receipts (Disbursements)				
Sale of Assets	14,500	-	-	14,500
Transfers In	-	945,000	710,000	1,655,000
Transfers Out	(1,750,000)	-	-	(1,750,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,735,500)</u>	<u>945,000</u>	<u>710,000</u>	<u>(80,500)</u>
<i>Net Change in Fund Cash Balances</i>	440,515	(937,543)	393,273	(103,755)
<i>Fund Cash Balances, January 1</i>	<u>4,066,400</u>	<u>2,420,143</u>	<u>219,069</u>	<u>6,705,612</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,506,915</u>	<u>\$ 1,482,600</u>	<u>\$ 612,342</u>	<u>\$ 6,601,857</u>

See accompanying notes to the financial statements

Village of West Jefferson
Madison County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 3,108,993
Miscellaneous	1,774
<i>Total Operating Cash Receipts</i>	<i>3,110,767</i>
Operating Cash Disbursements	
Personal Services	698,172
Employee Fringe Benefits	250,798
Contractual Services	990,479
Supplies and Materials	185,646
Other	15,343
<i>Total Operating Cash Disbursements</i>	<i>2,140,438</i>
<i>Operating Income (Loss)</i>	<i>970,329</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	24,597
Miscellaneous Receipts	5,492
Capital Outlay	(333,452)
Principal Retirement	(405,851)
Interest and Other Fiscal Charges	(134,577)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(843,791)</i>
<i>Income (Loss) before Transfers</i>	126,538
Transfers In	95,000
<i>Net Change in Fund Cash Balances</i>	221,538
<i>Fund Cash Balances, January 1</i>	<i>2,092,619</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 2,314,157</i>

See accompanying notes to the financial statements

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, sewer and sanitation utilities, pool and park operations, and police services.

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 fund types.

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 Funds The tax increment equivalent funds receive tax increment financing money to fund public infrastructure improvements.

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 fund:

Capital Projects Fund The capital projects fund accounts for and reports transfers from the General Fund along with grants and loans. 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:

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial 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 custodial fund accounts for a fire loss claim as described in Ohio Revised Code Section 3929.86. There was no activity in 2022.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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 (C) permit.

Budgetary Process

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

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

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 2022 budgetary activity appears in Note 3.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village invests all available funds in interest-bearing checking accounts, CDAR's and STAR Ohio. Interest earned is recognized and recorded when received. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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, 2022

Note 2 - Summary of Significant Accounting Policies (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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follow:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,608,713	\$ 9,216,274	\$ 607,561
Special Revenue	2,136,515	2,146,019	9,504
Capital Projects	1,160,166	723,299	(436,867)
Enterprise	3,209,988	3,235,857	25,869
Custodial	11,414	0	(11,414)
Total	\$ 15,126,796	\$ 15,321,449	\$ 194,653

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 10,315,752	\$ 9,286,303	\$ 1,029,449
Special Revenue	3,566,602	3,318,639	247,963
Capital Projects	1,226,575	452,320	774,255
Enterprise	4,064,100	3,772,022	292,078
Custodial	11,414	0	11,414
Total	\$ 19,184,443	\$ 16,829,284	\$ 2,355,159

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposits and investment accounts are as follows:

	2022
Cash Management Pool:	
Demand deposits	\$ 1,803,205
Total deposits	\$ 1,803,205
STAR Ohio	\$ 7,112,809
Total investments	\$ 7,112,809
Total carrying amount of deposits and investments held in Pool	\$ 8,916,014

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$0 in unremitted employee payroll withholdings.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (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.

Investments

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

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and /or deduction 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 semi-monthly, 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 2022.

Note 7 - Risk Management

Worker's Compensation

Worker's Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 - Risk Management (Continued)

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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 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, 2022.

Ohio Police and Fire Retirement System

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 2022, OP&F participants contributed 12.25% of their wages. For 2022, 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, 2022.

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, 2022.

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 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees 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, 2022

Note 9 – Postemployment Benefits (Continued)

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA - #4748	1,015,861	2.75%
OWDA - #6941	3,961,954	1.34%
OPWC - #CK07N	200,150	0.00%
OPWC - #CT51P	220,311	0.00%
OPWC - #CK22Q	448,692	0.00%
OPWC - #CK21R	280,000	0.00%
OWDA - #7805 (#6783 Rolled In)	5,098,993	2.78%/3.27%
SIB Loan - #180012	946,517	3.00%
OPWC - #CT40V	197,550	0.00%
OPWC - #CT60X	130,748	0.00%
	<u>\$ 12,500,776</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. Payments are made from the Osmosis Fund (Enterprise Fund Type).

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 semi-annual installments of \$10,008. Payments are made from the Permissive Motor Vehicle License Tax Fund (Special Revenue Fund Type).

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 semi-annual installments of \$9,579. Payments are made from the Water Fund (Enterprise Fund Type).

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. Payments are made from the Sewer Fund (Enterprise Fund Type).

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 \$156,176, including principal and interest. Payments are made from the Sewer Fund (Enterprise Fund Type).

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 - Debt (Continued)

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 semi-annual installments of \$10,000. Payments are made from the Capital Projects Fund.

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 \$5,275,855. OWDA Loan #6841, in the amount of \$70,184 was rolled into this loan. The loan bears an interest rate of 2.78%/3.27% and is to be paid back in semi-annual payments of \$134,963. Payments are made from the Capital Project Fund and Water Fund (Enterprise Fund Type).

During 2018, the Village entered into a loan agreement with the Department of Transportation of the State of Ohio for SIB Loan #180012 for widening and improving State Route 29. The original loan amount was \$1,036,180 (including capitalized interest of \$30,180). The loan bears an interest rate of 3.0% and is to be paid back in semi-annual installments of \$37,460. Payments are made from the TIF Fund (Special Revenue Fund Type).

During 2019, the Village entered into a loan agreement with OPWC for OPWC Loan #CT40V Walnut St & Fellows Ave Street Improvements. The original loan amount was \$219,500. The loan bears an interest rate of 0% and is to be paid back in semi-annual installments of \$5,488 beginning in July 2020. Payments are made from the Permissive Motor Vehicle License Tax Fund (Special Revenue Fund Type).

During 2020, the Village entered into a loan agreement with OPWC for OPWC Loan #CT60X Lilly Chapel Road Reconstruction. The original loan amount was \$198,893. As of December 31, 2022, \$130,748 has been disbursed. The loan bears an interest rate of 0% and is to be paid back in semi-annual installments of \$3,268 beginning in 2023.

During 2021, the Village entered into a loan agreement with OPWC for OPWC Loan #CK24Z Westchester Subdivision Street Improvement. The original loan amount was \$49,166. As of December 31, 2022, \$0 has been disbursed. The loan bears an interest rate of 0% and is to be paid back in semi-annual installments of \$983 beginning in 2023.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (Continued)

Amortization

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

Year ending	OWDA #	OWDA #	OPWC #	OPWC #	OPWC #	OPWC #
December	4748	6941	CK07N	CT51P	CK21R	CK22Q
2023	184,821	312,351	20,015	19,157	20,000	29,913
2024	184,821	312,351	20,015	19,157	20,000	29,913
2025	184,821	312,351	20,015	19,158	20,000	29,913
2026	184,821	312,351	20,015	19,158	20,000	29,913
2027	184,821	312,351	20,015	19,158	20,000	29,913
2028-2032	184,821	1,561,757	100,075	95,788	100,000	149,564
2033-2037	-	1,249,405	-	28,736	80,000	149,563
Total	\$1,108,926	\$ 4,372,917	\$200,150	\$220,312	\$ 280,000	\$ 448,692

Year ending	OWDA #	SIB LOAN #	OPWC #	OPWC #	OPWC #
	7805	180012	CT40V	CT60X	CK24Z
2023	269,927	74,921	10,975	6,536	1,967
2024	269,927	74,921	10,975	6,537	1,967
2025	269,927	74,921	10,975	6,537	1,967
2026	269,927	74,921	10,975	6,537	1,967
2027	269,927	74,921	10,975	6,537	1,967
2028-2032	1,349,635	374,604	54,875	32,688	9,833
2033-2037	1,349,635	374,604	54,875	32,688	9,833
2038-2042	1,349,635	74,921	32,925	32,688	9,833
2043-2047	1,349,635	-	-	-	9,833
2048-2049	539,854	-	-	-	-
Total	\$7,288,029	\$ 1,198,734	\$197,550	\$130,748	\$ 49,167

The amortization schedules for OPWC Loan #CK24Z and OPWC Loan #CT60X were not complete as of 12/31/2022 (estimates were included in this table).

Note 11 – Contingent Liabilities

The Village is a defendant in one lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matters will not materially adversely affect the Village’s financial condition.

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.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Transfers

During 2022, the following transfers were made:

	Transfers - In	Transfers - Out
General Fund	\$ -	\$ (1,750,000)
Street Fund (Special Revenue Fund Type)	430,000	-
Park Development Fund (Special Revenue Fund Type)	515,000	-
Capital Projects Fund (Capital Projects Fund Type)	710,000	-
Swimming Pool Fund (Enterprise Fund Type)	65,000	-
Sanitation Fund (Enterprise Fund Type)	30,000	-
	\$ 1,750,000	\$ (1,750,000)

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency ended in May 2023. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues and additional recovery from emergency funds, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding in the amount of \$306,934. Of the amounts received, \$258,960 was spent in 2020 and \$47,974 was spent in 2021 to mitigate the virus.

During 2021, the Village received ARPA funding in the amount of \$232,076. Of the amounts received, \$0 was spent in 2021. During 2022, the Village received additional ARPA funding in the amount of \$233,929. Of the total amount received, \$466,005 was spent in 2022. These amounts are reflected as general government expenditures in the American Relief Plan Act Fund (Special Revenue Fund Type) on the accompanying financial statements.

Note 14 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	510,544	235,077	122,294	867,915
<i>Total</i>	\$510,544	\$235,077	\$122,294	\$867,915

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of West Jefferson
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, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 113,802	\$ -	\$ -	\$ 113,802
Municipal Income Tax	5,814,076	341,983	683,966	6,840,025
Intergovernmental	122,643	528,453	190,937	842,033
Special Assessments	3,109	500,730	-	503,839
Charges for Services	57,963	-	-	57,963
Fines, Licenses and Permits	1,034,826	78,567	-	1,113,393
Earnings on Investments	9,588	1,548	1,920	13,056
Miscellaneous	82,324	19,036	-	101,360
<i>Total Cash Receipts</i>	<u>7,238,331</u>	<u>1,470,317</u>	<u>876,823</u>	<u>9,585,471</u>
Cash Disbursements				
Current:				
Security of Persons and Property	2,286,257	-	-	2,286,257
Public Health Services	-	47,975	-	47,975
Leisure Time Activities	115,724	85,070	-	200,794
Community Environment	566,423	-	-	566,423
Transportation	-	627,686	-	627,686
General Government	2,947,738	472,333	-	3,420,071
Capital Outlay	-	1,701	807,775	809,476
Debt Service:				
Principal Retirement	-	58,374	70,178	128,552
Interest and Fiscal Charges	-	32,043	74,024	106,067
<i>Total Cash Disbursements</i>	<u>5,916,142</u>	<u>1,325,182</u>	<u>951,977</u>	<u>8,193,301</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,322,189</u>	<u>145,135</u>	<u>(75,154)</u>	<u>1,392,170</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	-	130,748	130,748
Sale of Assets	-	260,097	-	260,097
Transfers In	-	350,000	-	350,000
Transfers Out	(370,000)	-	-	(370,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(370,000)</u>	<u>610,097</u>	<u>130,748</u>	<u>370,845</u>
<i>Net Change in Fund Cash Balances</i>	952,189	755,232	55,594	1,763,015
<i>Fund Cash Balances, January 1</i>	<u>3,114,211</u>	<u>1,664,911</u>	<u>163,475</u>	<u>4,942,597</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,066,400</u>	<u>\$ 2,420,143</u>	<u>\$ 219,069</u>	<u>\$ 6,705,612</u>

See accompanying notes to the financial statements

Village of West Jefferson
Madison County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 3,227,416
Miscellaneous	23,536
<i>Total Operating Cash Receipts</i>	<i>3,250,952</i>
Operating Cash Disbursements	
Personal Services	587,705
Employee Fringe Benefits	195,296
Contractual Services	943,622
Supplies and Materials	159,924
Other	17,692
<i>Total Operating Cash Disbursements</i>	<i>1,904,239</i>
<i>Operating Income (Loss)</i>	<i>1,346,713</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	3,712
Miscellaneous Receipts	2,010
Capital Outlay	(296,685)
Principal Retirement	(512,331)
Interest and Other Fiscal Charges	(174,371)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(977,665)</i>
<i>Income (Loss) before Transfers</i>	<i>369,048</i>
Transfers In	20,000
<i>Net Change in Fund Cash Balances</i>	<i>389,048</i>
<i>Fund Cash Balances, January 1</i>	<i>1,703,571</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 2,092,619</i>

See accompanying notes to the financial statements

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, sewer and sanitation utilities, pool and park operations, and police services.

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 fund types.

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 Funds The tax increment equivalent funds receive tax increment financing money to fund public infrastructure improvements.

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 fund:

Capital Projects Fund The capital projects fund accounts for and reports transfers from the General Fund along with grants and loans. 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:

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial 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 custodial fund accounts for a fire loss claim as described in Ohio Revised Code Section 3929.86. The fund had no activity in 2021.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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 (C) permit.

Budgetary Process

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

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

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 2021 budgetary activity appears in Note 3.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village invests all available funds in interest-bearing checking accounts, CDARS and STAR Ohio. Interest earned is recognized and recorded when received. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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, 2021

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follow:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 6,306,554	\$ 7,238,331	\$ 931,777
Special Revenue	2,095,616	2,080,413	(15,203)
Capital Projects	940,430	1,007,571	67,141
Enterprise	2,516,688	3,276,674	759,986
Total	\$ 11,859,288	\$ 13,602,989	\$ 1,743,701

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 8,875,141	\$ 6,718,102	\$ 2,157,039
Special Revenue	1,926,775	1,893,480	33,295
Capital Projects	1,065,725	1,059,787	5,938
Enterprise	3,254,667	3,111,671	142,996
Total	\$ 15,122,308	\$ 12,783,040	\$ 2,339,268

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposits and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$ 4,793,340
Total deposits	\$ 4,793,340
STAR Ohio	\$ 4,004,891
Total investments	\$ 4,004,891
Total carrying amount of deposits and investments held in Pool	\$ 8,798,231

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$26,282 in unremitted employee payroll withholdings.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (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.

Investments

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

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 semi-monthly, 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 2021.

Note 7 - Risk Management

Worker's Compensation

Worker's Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 - Risk Management (Continued)

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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, 2021.

Ohio Police and Fire Retirement System

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 2021, OP&F participants contributed 12.25% of their wages. For 2021, 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, 2021.

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, 2021.

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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees 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, 2021

Note 10 – Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
OWDA - #4748	1,169,568	2.75%
OWDA - #6941	4,110,150	1.34%
OPWC - #CK07N	220,165	0.00%
OPWC - #CT51P	239,469	0.00%
OPWC - #CK22Q	478,605	0.00%
OPWC - #CK21R	300,000	0.00%
OWDA - #7805 (#6783 Rolled In)	5,224,288	2.78%/3.27%
SIB Loan - #180012	992,016	3.00%
OPWC - #CT40V	208,525	0.00%
OPWC - #CT60X	130,748	0.00%
	\$ 13,073,534	

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 semi-annual payments of \$92,410, including principal and interest. Payments are made from the Osmosis Fund (Enterprise Fund Type).

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 semi-annual installments of \$10,008. Payments are made from the Permissive Motor Vehicle License Tax Fund (Special Revenue Fund Type).

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 semi-annual installments of \$9,579. Payments are made from the Water Fund (Enterprise Fund Type).

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. Payments are made from the Sewer Fund (Enterprise Fund Type).

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 \$156,176, including principal and interest. Payments are made from the Sewer Fund (Enterprise Fund Type).

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 semi-annual installments of \$10,000. Payments are made from the Capital Projects Fund.

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 \$5,275,855. OWDA Loan #6841, in the amount of \$70,184 was rolled into this loan. The loan bears an interest rate of 2.78%/3.27% and is to be paid back in semi-annual payments of \$134,963. Payments are made from the Capital Project Fund and Water Fund (Enterprise Fund Type).

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 - Debt (Continued)

During 2018, the Village entered into a loan agreement with the Department of Transportation of the State of Ohio for SIB Loan #180012 for widening and improving State Route 29. The original loan amount was \$1,036,180 (including capitalized interest of \$30,180). The loan bears an interest rate of 3.0% and is to be paid back in semi-annual installments of \$37,460. Payments are made from the TIF Fund (Special Revenue Fund Type).

During 2019, the Village entered into a loan agreement with OPWC for OPWC Loan #CT40V Walnut St & Fellows Ave Street Improvements. The original loan amount was \$219,500. The loan bears an interest rate of 0% and is to be paid back in semi-annual installments of \$5,488 beginning in July 2020. Payments are made from the Permissive Motor Vehicle License Tax Fund (Special Revenue Fund Type).

During 2020, the Village entered into a loan agreement with OPWC for OPWC Loan #CT60X Lilly Chapel Road Reconstruction. The original loan amount was \$198,893. The loan bears an interest rate of 0% and is to be paid back in semi-annual installments of \$3,268, beginning in 2023. As of December 31, 2021, \$130,748 has been disbursed.

Amortization

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

Year ending	OWDA #	OWDA #	OPWC #	OPWC #	OPWC #
December 31:	4748	6941	CK07N	CT51P	CK21R
2022	184,821	312,351	20,015	19,157	20,000
2023	184,821	312,351	20,015	19,157	20,000
2024	184,821	312,351	20,015	19,158	20,000
2025	184,821	312,351	20,015	19,158	20,000
2026	184,821	312,351	20,015	19,158	20,000
2027-2031	369,642	1,561,757	100,075	95,788	100,000
2032-2036	-	1,561,756	20,015	47,893	100,000
Total	\$1,293,747	\$ 4,685,269	\$ 220,165	\$239,469	\$ 300,000

Year ending	OPWC #	OWDA #	SIB LOAN #	OPWC #	OPWC #
December 31:	CK22Q	7805	180012	CT40V	CT60X
2022	29,912	269,927	74,921	10,975	6,536
2023	29,913	269,927	74,921	10,975	6,537
2024	29,913	269,927	74,921	10,975	6,537
2025	29,913	269,927	74,921	10,975	6,537
2026	29,913	269,927	74,921	10,975	6,537
2027-2031	149,564	1,349,635	374,604	54,875	32,688
2032-2036	149,564	1,349,635	374,604	54,875	32,688
2037-2041	29,912	1,349,635	149,841	43,900	32,688
2042-2046	-	1,349,635	-	-	-
2047-2049	-	809,780	-	-	-
Total	\$ 478,604	\$ 7,557,955	\$1,273,654	\$208,525	\$ 130,748

The amortization schedules for OWDA Loan #6941 and OPWC Loan #CT60X were not complete as of 12/31/2021 (estimates were included in this table).

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Contingent Liabilities

The Village is a defendant in two lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

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 2021, the following transfers were made:

	Transfers - In	Transfers - Out
General Fund	\$ -	\$ (370,000)
State Highway Fund (Special Revenue Fund Type)	350,000	-
Swimming Pool Fund (Enterprise Fund Type)	20,000	-
	\$ 370,000	\$ (370,000)

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency ended in May, 2023. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues and additional recovery from emergency funds, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding in the amount of \$306,934. Of the amounts received, \$258,960 was spent in 2020 and \$47,974 was spent in 2021 to mitigate the virus. The amount spent in 2021 is reflected as general government expenditures in the Coronavirus Relief Fund (Special Revenue Fund Type) on the accompanying financial statements.

During 2021, the Village received ARPA funding in the amount of \$232,076. Of the amounts received, \$0 was spent in 2021.

Village of West Jefferson
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	431,960	568,298	107,810	1,108,068
<i>Total</i>	<u>\$431,960</u>	<u>\$568,298</u>	<u>\$107,810</u>	<u>\$1,108,068</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Independent Auditor's 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***

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

To the Members of the Village Council:

We have audited, in accordance with the 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of West Jefferson, Madison County, Ohio, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements and have issued our report thereon dated June 2, 2023, wherein we noted as described in Note 2 to the financial statements, the Village of West Jefferson followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of West Jefferson's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 West Jefferson's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of West Jefferson's internal control.

A *deficiency in internal control* 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 and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village of West Jefferson's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be material a weakness.

Village of West Jefferson

Madison County

Independent Auditor's 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*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of West Jefferson's financial statements are free from 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 financial statements. 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*.

Village of West Jefferson's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Village of West Jefferson's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Village of West Jefferson's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of West Jefferson's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of West Jefferson's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

June 2, 2023

VILLAGE OF WEST JEFFERSON
MADISON COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2022 AND 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2022-001

Material Weakness - Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the Village, this could also include reviewing the year-end UAN reports to ensure activity is reported in the correct line items, all on-behalf activity is included, and fund balances are properly classified.

Adjustments were made to the financial statements to properly record significant transactions during the audit period.

- During 2021, the Village improperly recorded \$130,748 of Intergovernmental Receipts in the Capital Project Funds. These amounts should have been recorded as Other Debt Proceeds.
- During 2021, the Village improperly recorded \$260,097 of Charges for Services in the Park Fund (Special Revenue Fund Type). These amounts should have been recorded as Sale of Assets.
- During 2021, the Village improperly recorded \$750,000 of income tax receipts into the General Fund while these amounts should have been recorded in the Street Construction, Maintenance and Repair Fund (Special Revenue Fund Type) and Capital Project Fund in the amount of \$200,000 and \$550,000, respectively. Prior to year end, the Village recognized the error and recorded transfers from the General fund into the respective funds. This resulted in a reclassification audit adjustment.

The financial statements have been adjusted to properly report the activity.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village's activity.

We recommend the Village design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Village should consider having an outside third-party, or Council member with financial experience, review the financial report prior to filing in the Hinkle System. Further, the Village should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Village will closely monitor all transactions to ensure accurate financial reporting in the future.

**VILLAGE OF WEST JEFFERSON
MADISON COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022 AND 2021**

<u>Finding Number</u>	<u>Year Initially Occurred</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2020-001	2019	<u>Significant Deficiency - Financial Statement Presentation</u> – Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. There were two adjustments made to the financial statements during this audit period, due to lack of proper policies and procedures.	Not Corrected	Finding repeated as 2022-001, as a material weakness, as certain adjustments were made to the audited financial statements.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WEST JEFFERSON

MADISON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/1/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov