

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

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPARepor@ohioauditor.gov  
(800) 282-0370

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

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, 2019 through December 31, 2020. 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 cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

June 15, 2021

**This page intentionally left blank.**

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

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report .....	1 - 2
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2020.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type For the Year Ended December 31, 2020.....	4
Notes to the Financial Statements for the Year Ended December 31, 2020 .....	5 - 14
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2019.....	15
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary and Similar Fiduciary Fund Types For the Year Ended December 31, 2019.....	16
Notes to the Financial Statements for the Year Ended December 31, 2019 .....	17 - 25
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 <i>Government Auditing Standards</i> .....	26 – 27
Schedule of Findings and Responses.....	28

**This page intentionally left blank.**

## 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 for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of West Jefferson, Madison County, Ohio.

### ***Management's Responsibility 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(D), as described in Note 2. 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 misstatement, whether due to fraud or error.

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of West Jefferson's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, 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(D), 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(D).

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.

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(D) permit. Our opinion on this accounting basis is in the "Unmodified 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 of West Jefferson, as of December 31, 2020 and 2019, or changes in net position, or cash flows thereof for the years then ended.

***Unmodified 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 for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of West Jefferson, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2.

***Emphasis of Matters***

As described in Note 13 to the financial statements, for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the the Village of West Jefferson. As described in Note 14 to the financial statements, for the year ended December 31, 2020, the Village of West Jefferson adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. Our opinions are not modified with respect to these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2021, 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.



Julian & Grube, Inc.  
May 7, 2021



**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, 2020*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$93,806	\$ -	\$ -	\$93,806
Municipal Income Tax	4,354,371	254,590	509,681	5,118,642
Intergovernmental	110,251	586,264	-	696,515
Special Assessments	2,507	482,406	-	484,913
Charges for Services	62,663	-	-	62,663
Fines, Licenses and Permits	742,039	57,990	-	800,029
Earnings on Investments	31,612	4,123	1,919	37,654
Miscellaneous	232,796	28,670	-	261,466
<i>Total Cash Receipts</i>	<u>5,630,045</u>	<u>1,414,043</u>	<u>511,600</u>	<u>7,555,688</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	1,844,835	4,502	-	1,849,337
Public Health Services	-	258,959	-	258,959
Leisure Time Activities	83,838	107,500	-	191,338
Community Environment	461,162	-	-	461,162
Transportation	-	520,422	-	520,422
General Government	2,214,039	335,960	-	2,549,999
Capital Outlay	296,086	250,329	1,049,107	1,595,522
Debt Service:				
Principal Retirement	-	25,503	79,589	105,092
Interest and Fiscal Charges	-	-	76,135	76,135
<i>Total Cash Disbursements</i>	<u>4,899,960</u>	<u>1,503,175</u>	<u>1,204,831</u>	<u>7,607,966</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Debt Proceeds	-	30,180	210,496	240,676
Transfers Out	(60,000)	-	-	(60,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(60,000)</u>	<u>30,180</u>	<u>210,496</u>	<u>180,676</u>
<i>Net Change in Fund Cash Balances</i>	670,085	(58,952)	(482,735)	128,398
<i>Fund Cash Balances, January 1</i>	<u>2,444,126</u>	<u>1,723,863</u>	<u>646,210</u>	<u>4,814,199</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,114,211</u></u>	<u><u>\$1,664,911</u></u>	<u><u>\$163,475</u></u>	<u><u>\$4,942,597</u></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, 2020*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$2,321,862
Miscellaneous	62,808
	2,384,670
<i>Total Operating Cash Receipts</i>	<i>2,384,670</i>
<b>Operating Cash Disbursements</b>	
Personal Services	530,318
Employee Fringe Benefits	175,006
Contractual Services	861,671
Supplies and Materials	213,012
Other	24,396
	1,804,403
<i>Total Operating Cash Disbursements</i>	<i>1,804,403</i>
<i>Operating Income (Loss)</i>	<i>580,267</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	106
Earnings on Investments	15,252
Miscellaneous Receipts	1,590
Capital Outlay	(928,617)
Principal Retirement	(528,559)
Interest and Other Fiscal Charges	(184,200)
	(1,624,428)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(1,624,428)</i>
Transfers In	60,000
	(984,161)
<i>Net Change in Fund Cash Balances</i>	<i>(984,161)</i>
<i>Fund Cash Balances, January 1</i>	<i>2,687,732</i>
	\$1,703,571
<i>Fund Cash Balances, December 31</i>	<i>\$1,703,571</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, 2020*

---

**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 left a public entity risk pool during 2020. Note 7 to the financial statements provides additional information relating to this change.

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

***Corona Virus Relief Fund*** The corona virus relief fund receives federal grant funds due to the COVID-19 pandemic.

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**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 fund:

***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 custodial funds.

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 2020.

***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 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.

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**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 2020 budgetary activity appears in Note 3.

***Deposits and Investments***

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:

***Non-spendable*** The Village classifies assets as *non-spendable* 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**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. For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follow:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,974,279	\$ 5,630,045	\$ 655,766
Special Revenue	1,389,534	1,444,223	54,689
Capital Projects	693,870	722,096	28,226
Enterprise	2,718,688	2,461,618	(257,070)
Total	\$ 9,776,371	\$ 10,257,982	\$ 481,611

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,063,414	\$ 5,202,330	\$ 861,084
Special Revenue	1,695,953	1,629,204	66,749
Capital Projects	1,220,812	1,204,831	15,981
Enterprise	3,720,977	3,626,340	94,637
Total	\$ 12,701,156	\$ 11,662,705	\$ 1,038,451

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 4 - Deposits and Investments**

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

	<u>2020</u>
Cash Management Pool:	
Demand deposits	\$ 2,644,446
Certificates of deposit (CDAR)	<u>1,000,000</u>
Total deposits	<u>3,644,446</u>
STAR Ohio	<u>3,001,722</u>
Total investments	<u>3,001,722</u>
Total carrying amount of deposits and investments held in Pool (ties to FS)	<u>\$ 6,646,168</u>

***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 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 2020.

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**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.

***Risk Pool Membership***

In June 2020, the Village left the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village of West Jefferson's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31 (latest information available):

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

**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 postemployment 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, 2020.

***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 postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. During 2020, OP&F participants contributed 12.25% of their wages. For 2020, 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, 2020.



**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 8 - Defined Benefit Pension Plans (Continued)**

***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, 2020.

**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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. 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.

**Note 10 - Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
OWDA - #4748	\$ 1,319,134	2.75%
OWDA - #6941	4,388,202	1.34%
OPWC - #CK07N	230,173	0.00%
OPWC - #CT51P	249,048	0.00%
OPWC - #CK22Q	493,561	0.00%
OPWC - #CK21R	310,000	0.00%
OWDA - #7805 (#6783 Rolled In)	5,344,644	2.78%/3.27%
SIB Loan	1,036,180	3.00%
OPWC - #CT40V	214,013	0.00%
	\$ 13,584,955	

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 semi-annual installments of \$10,008.

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 10 - Debt (Continued)**

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.

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 semi-annual 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 (paid from sewer and TIF Funds). The original amount of the loan was \$5,424,451. 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, starting in 2021.

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 \$1,006,000. The loan bears an interest rate of 3.0% and is to be paid back in semi-annual installments of \$37,460.

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.

THIS SPACE INTENTIONALLY LEFT BLANK

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**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
2021	\$ 184,821	\$ 343,144	\$ 20,015	\$ 19,157	\$ 20,000
2022	184,821	343,144	20,015	19,157	20,000
2023	184,821	343,144	20,015	19,157	20,000
2024	184,821	343,144	20,015	19,158	20,000
2025	184,821	343,144	20,015	19,158	20,000
2026-2030	554,463	1,715,719	100,075	95,788	100,000
2031-2035	-	1,715,719	30,023	57,473	100,000
2036-2040	-	343,144	-	-	10,000
<b>Total</b>	<b>\$ 1,478,568</b>	<b>\$ 5,490,302</b>	<b>\$ 230,173</b>	<b>\$ 249,048</b>	<b>\$ 310,000</b>

Year ending December 31:	OPWC # CK22Q	OWDA # 7805	SIB LOAN # 180012	OPWC # CT40V
2021	\$ 29,913	\$ 134,963	\$ 74,921	\$ 10,975
2022	29,913	269,927	74,921	10,975
2023	29,913	269,927	74,921	10,975
2024	29,913	269,927	74,921	10,975
2025	29,913	269,927	74,921	10,975
2026-2030	149,564	1,349,633	374,604	54,875
2031-2035	149,564	1,349,633	374,604	54,875
2036-2040	44,868	1,349,633	224,762	49,388
2041-2045	-	1,349,633	-	-
2046-2049	-	1,079,706	-	-
<b>Total</b>	<b>\$ 493,561</b>	<b>\$ 7,692,909</b>	<b>\$ 1,348,575</b>	<b>\$ 214,013</b>

The amortization schedules for OWDA Loan #6941, was not complete as of 12/31/2020 (estimates were included in this table).

**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 2020, the following transfers were made:

	Transfers - In	Transfers - Out
General Fund	\$ -	\$ (60,000)
Swimming Pool Fund	60,000	-
	<u>\$ 60,000</u>	<u>\$ (60,000)</u>

The transfer was completed in accordance with the 2020 Budget and Resolution #20-004.

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**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. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 14 - Changes in Accounting Principle**

For 2020, the Village made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

**Note 15 – Fund Balances**

Included in fund balances are amounts the Village cannot spend. 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>Total</u>
Outstanding Encumbrances	242,370	126,029	368,399
<i>Total</i>	<u>\$242,370</u>	<u>\$126,029</u>	<u>\$368,399</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects 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, 2019*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 94,503	\$ -	\$ -	\$ 94,503
Municipal Income Tax	3,140,132	183,611	357,133	3,680,876
Intergovernmental	99,277	246,247	1,563,504	1,909,028
Special Assessments	1,818	464,489	-	466,307
Charges for Services	144,089	-	-	144,089
Fines, Licenses and Permits	1,432,308	214,678	-	1,646,986
Earnings on Investments	58,655	4,983	17,600	81,238
Miscellaneous	111,061	3,218	-	114,279
<i>Total Cash Receipts</i>	<u>5,081,843</u>	<u>1,117,226</u>	<u>1,938,237</u>	<u>8,137,306</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	1,894,241	9,417	-	1,903,658
Leisure Time Activities	91,296	143,000	-	234,296
Community Environment	750,874	-	-	750,874
Transportation	-	484,379	-	484,379
General Government	1,344,194	318,474	-	1,662,668
Capital Outlay	418,914	28,589	3,914,609	4,362,112
Debt Service:				
Principal Retirement	-	20,015	20,000	40,015
<i>Total Cash Disbursements</i>	<u>4,499,519</u>	<u>1,003,874</u>	<u>3,934,609</u>	<u>9,438,002</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Debt Proceeds	-	-	1,009,004	1,009,004
Transfers Out	(60,000)	-	-	(60,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(60,000)</u>	<u>-</u>	<u>1,009,004</u>	<u>949,004</u>
<i>Net Change in Fund Cash Balances</i>	522,324	113,352	(987,368)	(351,692)
<i>Fund Cash Balances, January 1</i>	<u>1,921,802</u>	<u>1,610,511</u>	<u>1,633,578</u>	<u>5,165,891</u>
Restricted		1,723,863	646,210	2,370,073
Assigned	574,249	-	-	574,249
Unassigned	1,869,877	-	-	1,869,877
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,444,126</u>	<u>\$ 1,723,863</u>	<u>\$ 646,210</u>	<u>\$ 4,814,199</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)*  
*All Proprietary and Similar Fiduciary Fund Types*  
*For the Year Ended December 31, 2019*

	Proprietary Fund Type	Fiduciary Fund Type
	Enterprise	Custodial
<b>Operating Cash Receipts</b>		
Charges for Services	\$2,781,095	\$ -
Miscellaneous	35	-
<i>Total Operating Cash Receipts</i>	<u>2,781,130</u>	<u>-</u>
<b>Operating Cash Disbursements</b>		
Personal Services	568,783	-
Employee Fringe Benefits	182,389	-
Contractual Services	792,615	-
Supplies and Materials	159,740	-
Other	18,290	16,663
<i>Total Operating Cash Disbursements</i>	<u>1,721,817</u>	<u>16,663</u>
<i>Operating Income (Loss)</i>	<u>1,059,313</u>	<u>(16,663)</u>
<b>Non-Operating Receipts (Disbursements)</b>		
Earnings on Investments	3,749	-
Other Debt Proceeds	469,497	-
Miscellaneous Receipts	2,877	16,663
Capital Outlay	(1,179,078)	-
Principal Retirement	(458,710)	-
Interest and Other Fiscal Charges	(118,326)	-
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,279,991)</u>	<u>16,663</u>
Transfers In	<u>60,000</u>	
<i>Net Change in Fund Cash Balances</i>	(160,678)	-
<i>Fund Cash Balances, January 1</i>	<u>2,848,410</u>	<u>-</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,687,732</u></u>	<u><u>\$ -</u></u>

*See accompanying notes to the financial statements*

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**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 Funds*** The tax increment equivalent funds receive 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, 2019*

---

**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 fund:

***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 custodial funds.

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.

***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 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, 2019*

---

**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 2019 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:

***Non-spendable*** The Village classifies assets as *non-spendable* 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**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, 2019 follow:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,380,693	\$ 5,081,842	\$ 701,149
Special Revenue	942,275	1,117,226	174,951
Capital Projects	3,829,035	2,947,241	(881,794)
Enterprise	3,273,888	3,317,253	43,365
Custodial	16,663	16,663	-
Total	\$ 12,442,554	\$ 12,480,225	\$ 37,671

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,551,585	\$ 4,986,531	\$ 565,054
Special Revenue	1,076,790	1,018,502	58,288
Capital Projects	4,554,664	4,477,695	76,969
Enterprise	4,434,309	4,334,030	100,279
Custodial	16,663	16,663	-
Total	\$ 15,634,011	\$ 14,833,421	\$ 800,590

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**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:

	2019
Demand deposits	\$ 5,501,931
Certificates of deposit	2,000,000
Total deposits	<u>\$ 7,501,931</u>

***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 2019.

**Note 7 - Risk Management**

Workers' 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, 2019*

---

**Note 7 - Risk Management (Continued)**

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village of West Jefferson's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

**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 postemployment 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, 2019.

***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 postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. During 2019, OP&F participants contributed 12.25% of their wages. For 2019, 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, 2019.

***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, 2019.

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan is 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.

**Note 10 - Debt**

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA - #4748	\$ 1,464,670	2.75%
OWDA - #6941	4,662,566	1.34%
OPWC - #CK07N	250,188	0.00%
OPWC - #CT51P	268,205	0.00%
OPWC - #CK22Q	523,474	0.00%
OPWC - #CK21R	330,000	0.00%
OWDA - #7805 (#6783 Rolled In)	5,464,720	2.78%/3.27%
SIB Loan	1,006,000	3.00%
OPWC - #CT40V	9,004	0.00%
	<u>\$ 13,978,827</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 semi-annual 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 the Ohio Public Works Commission (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.

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.

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.

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**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.

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 \$5,424,451. In 2019, the Village drew down \$469,497. 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 starting in 2020.

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 \$1,006,000 which was drawn down in 2019. The loan bears an interest rate of 3.0% and is to be paid back in semi-annual installments of \$37,460 beginning in December 2020.

During 2019, the Village entered into a loan agreement with OPWC for OPWC Loan #CT40V Walnut St & Fellows Ave Street Improvements. The Village was awarded \$219,500. In 2019, the Village drew down \$9,004. The remaining amount will be drawn down 2020. 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.

**Amortization**

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

Year Ending	OWDA # 4748	OWDA # 6941	OPWC # CK07N	OPWC # CT51P	OPWC # CK21R	OPWC # CK22Q	OWDA # 7805	SIB LOAN # 180012	OPWC # CT40V
December 31:									
2020	\$ 184,821	\$ 343,144	\$ 20,015	\$ 19,157	\$ 20,000	\$ 29,913	\$ -	\$ 37,460	\$ 5,488
2021	184,821	343,144	20,015	19,157	20,000	29,913	134,963	74,921	10,975
2022	184,821	343,144	20,015	19,157	20,000	29,913	269,927	74,921	10,975
2023	184,821	343,144	20,015	19,157	20,000	29,913	269,927	74,921	10,975
2024	184,821	343,144	20,015	19,158	20,000	29,913	269,927	74,921	10,975
2025-2029	739,284	1,715,720	100,075	95,788	100,000	149,564	1,349,633	374,604	54,875
2030-2034	-	1,715,720	50,038	76,631	100,000	149,564	1,349,633	374,604	54,875
2035-2039	-	686,288	-	-	30,000	74,781	1,349,633	262,222	54,875
2040-2044	-	-	-	-	-	-	1,349,633	-	5,487
2045-2049	-	-	-	-	-	-	1,349,633	-	-
<b>Total</b>	<b>\$ 1,663,389</b>	<b>\$ 5,833,448</b>	<b>\$ 250,188</b>	<b>\$ 268,205</b>	<b>\$ 330,000</b>	<b>\$ 523,474</b>	<b>\$ 7,692,909</b>	<b>\$ 1,348,574</b>	<b>\$ 219,500</b>

The amortization schedules for OWDA Loan #6941, was not complete as of 12/31/2019 (estimates were included in this table).

**Village of West Jefferson**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**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 2019, the following transfers were made:

	<u>Transfers - In</u>	<u>Transfers - Out</u>
General Fund	\$ -	\$ (60,000)
Swimming Pool Fund	<u>60,000</u>	<u>-</u>
	<u>\$ 60,000</u>	<u>\$ (60,000)</u>

The transfer was completed in accordance with the 2019 Budget and Resolution #19-005.

**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 Village Council:

We have audited, 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, 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 year ended December 31, 2020, and for each governmental, proprietary, and fiduciary fund type as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated May 7, 2021, 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(D) permit. Furthermore, as discussed in Note 13 to the financial statements for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of West Jefferson. Additionally, as described in Note 14 to the financial statements for the year ended December 31, 2020, the Village of West Jefferson adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

***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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.



***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 Finding***

The Village of West Jefferson's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Village of West Jefferson's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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.*

Julian & Grube, Inc.  
May 7, 2021

VILLAGE OF WEST JEFFERSON  
MADISON COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Significant Deficiency - 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 2019, the Village improperly recorded \$1,009,004 of Intergovernmental Receipts in the Capital Project Funds. These amounts should have been recorded as Other Debt Proceeds.
- During 2020, the Village improperly recorded \$210,496 of Intergovernmental Receipts in the Capital Project Funds. These amounts should have been recorded as Other Debt Proceeds.

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.

# 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 6/29/2021**

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](http://www.ohioauditor.gov)