



**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF JOHNSTOWN
LICKING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Members of Council
Village of Johnstown
Licking County
P.O. Box 457
Johnstown, Ohio 43031

We have audited the accompanying financial statements of the Village of Johnstown, Licking County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Johnstown, Licking County, Ohio as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

July 2, 2001

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**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$842,251	\$0	\$0	\$842,251
Intergovernmental Receipts	162,486	168,421	0	330,907
Special Assessments	0	0	2,927	2,927
Charges for Services	6,625	0	0	6,625
Fines, Licenses, and Permits	117,841	2,268	0	120,109
Interest	96,915	17,990	0	114,905
Miscellaneous	7,310	0	0	7,310
Total Cash Receipts	1,233,428	188,679	2,927	1,425,034
Cash Disbursements:				
Current:				
Security of Persons and Property	524,886	37,083	0	561,969
Public Health Services	7,467	0	0	7,467
Leisure Time Activities	44,252	0	0	44,252
Community Environment	89,038	7,930	0	96,968
Transportation	15,428	158,793	0	174,221
General Government	284,561	0	0	284,561
Capital Outlay	0	32,950	88,348	121,298
Debt Service	18,414	0	207,991	226,405
Total Disbursements	984,046	236,756	296,339	1,517,141
Total Receipts Over/(Under) Disbursements	249,382	(48,077)	(293,412)	(92,107)
Other Financing Sources/(Uses):				
Sale of Notes	0	0	175,000	175,000
Transfers-In	0	3,810	201,113	204,923
Advances-In	10,595	10,595	0	21,190
Transfers-Out	(206,423)	0	0	(206,423)
Advances-Out	(10,595)	(10,595)	0	(21,190)
Other Financing Sources	3	0	0	3
Total Other Financing Sources/(Uses)	(206,420)	3,810	376,113	173,503
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	42,962	(44,267)	82,701	81,396
Fund Cash Balances January 1 (Restated)	643,760	318,059	142,932	1,104,751
Fund Cash Balances, December 31	<u>\$686,722</u>	<u>\$273,792</u>	<u>\$225,633</u>	<u>\$1,186,147</u>
Reserve for Encumbrances, December 31	<u>\$24,093</u>	<u>\$5,399</u>	<u>\$0</u>	<u>\$29,492</u>

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

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Interest	\$19,701	\$0	\$19,701
Charges for Services	1,173,918	0	1,173,918
Miscellaneous	17,881	0	17,881
	<u>1,211,500</u>	<u>0</u>	<u>1,211,500</u>
Operating Cash Disbursements:			
Personal Services	238,836	0	238,836
Fringe Benefits	75,845	0	75,845
Contractual Services	117,287	0	117,287
Supplies and Materials	103,127	0	103,127
Capital Outlay	234,421	0	234,421
Miscellaneous	16,098	0	16,098
	<u>785,614</u>	<u>0</u>	<u>785,614</u>
Operating Income/(Loss)	425,886	0	425,886
Non-Operating Cash Receipts:			
Fines, Licenses, and Permits	0	64,484	64,484
Sale of Fixed Assets	953	0	953
Other Financing Sources	0	4,100	4,100
	<u>953</u>	<u>68,584</u>	<u>69,537</u>
Non-Operating Cash Disbursements:			
Debt Service - Principal	188,723	0	188,723
Debt Service - Interest	142,072	0	142,072
Debt Service - Other	827	0	827
Other	0	71,644	71,644
	<u>331,622</u>	<u>71,644</u>	<u>403,266</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	95,217	(3,060)	92,157
Transfers-In	1,500	0	1,500
Net Receipts Over/(Under) Disbursements	96,717	(3,060)	93,657
Fund Cash Balances, January 1 (Restated)	1,096,861	17,420	1,114,281
Fund Cash Balances, December 31	<u>\$1,193,578</u>	<u>\$14,360</u>	<u>\$1,207,938</u>
Reserve for Encumbrances, December 31	<u>\$34,254</u>	<u>\$0</u>	<u>\$34,254</u>

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

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$95,094	\$0	\$0	\$0	\$95,094
Intergovernmental Receipts	140,914	191,043	0	0	331,957
Special Assessments	0	0	2,698	0	2,698
Charges for Services	10,028	0	0	0	10,028
Fines, Licenses, and Permits	102,779	1,866	0	0	104,645
Interest	42,822	4,908	0	0	47,730
Miscellaneous	4,932	36	0	0	4,968
Total Cash Receipts	396,569	197,853	2,698	0	597,120
Cash Disbursements:					
Current:					
Security of Persons and Property	463,304	63,685	0	0	526,989
Public Health Services	7,200	0	0	0	7,200
Leisure Time Activities	47,133	462	0	0	47,595
Community Environment	21,713	0	0	0	21,713
Transportation	17,344	100,379	0	0	117,723
General Government	185,413	0	84	0	185,497
Capital Outlay	0	0	0	25,488	25,488
Debt Service	0	0	25,474	366,190	391,664
Total Disbursements	742,107	164,526	25,558	391,678	1,323,869
Total Receipts Over/(Under) Disbursements	(345,538)	33,327	(22,860)	(391,678)	(726,749)
Other Financing Sources/(Uses):					
Sale of Notes	0	0	0	250,000	250,000
Transfers-In	418,601	52,697	18,690	179,400	669,388
Advances-In	2,368	2,361	0	0	4,729
Transfers-Out	(71,387)	(1)	0	0	(71,388)
Advances-Out	(2,361)	(2,368)	0	0	(4,729)
Total Other Financing Sources/(Uses)	347,221	52,689	18,690	429,400	848,000
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	1,683	86,016	(4,170)	37,722	121,251
Fund Cash Balances January 1 (Restated)	589,015	232,043	4,170	105,210	930,438
Fund Cash Balances, December 31	\$590,698	\$318,059	\$0	\$142,932	\$1,051,689
Reserves for Encumbrances, December 31	\$6,862	\$0	\$0	\$5,226	\$12,088

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

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Interest	\$69,042	\$0	\$69,042
Charges for Services	1,223,753	0	1,223,753
Miscellaneous	556	0	556
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	1,293,351	0	1,293,351
Operating Cash Disbursements:			
Personal Services	232,799	24,071	256,870
Fringe Benefits	77,765	7,603	85,368
Contractual Services	110,438	6,690	117,128
Supplies and Materials	87,779	2,662	90,441
Capital Outlay	43,164	0	43,164
Miscellaneous	5,831	85,741	91,572
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	557,776	126,767	684,543
Operating Income/(Loss)	735,575	(126,767)	608,808
Non-Operating Cash Receipts:			
Local Taxes	0	648,336	648,336
Fines, Licenses, and Permits	0	64,811	64,811
Other Financing Sources	0	27,379	27,379
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Receipts	0	740,526	740,526
Non-Operating Cash Disbursements:			
Debt Service - Principal	184,139	0	184,139
Debt Service - Interest	145,070	0	145,070
Debt Service - Other	2,591	0	2,591
Other	0	23,260	23,260
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Disbursements	331,800	23,260	355,060
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	403,775	590,499	994,274
Advances-In	14,800	0	14,800
Transfers-Out	0	(598,000)	(598,000)
Advances-Out	(14,800)	0	(14,800)
	<hr/>	<hr/>	<hr/>
Net Receipts Over/(Under) Disbursements	403,775	(7,501)	396,274
Fund Cash Balances, January 1 (Restated)	693,086	77,984	771,070
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$1,096,861</u>	<u>\$70,483</u>	<u>\$1,167,344</u>
Reserve for Encumbrances, December 31	<u>\$7</u>	<u>\$0</u>	<u>\$7</u>

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

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Fund (Continued)

Permissive Motor Vehicle Fund - This fund receives permissive tax monies for constructing, maintaining and repairing Village streets.

COPS Fund - This fund receives federal grant money for police officer's salaries.

Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

General Obligation Debt Fund - This fund is used for payment of general obligation debt issues.

Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Capital Improvement Fund - This fund receives monies from the income tax fund to make capital improvements.

Enterprise Funds

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

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

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

Fiduciary Funds

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

Mayor's Court Fund - This fund receives money from citations issued by the Village's Police Department. Money collected is distributed in accordance with the Ohio Revised Code to the Village and State.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that the Village budget 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. Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

2. RESTATEMENT OF PRIOR YEAR FUND BALANCES AND FUND RECLASSIFICATION

Certain corrections were made to the December 31, 1998 fund balances. As a result, December 31, 1998 ending balances were restated as follows:

	Fund Type			
	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Agency</u>
Fund Balance at December 31, 1998	\$175,584	(\$34,330)	\$143,710	\$134,443
Correction of Error	56,459	38,500	(38,500)	(56,459)
Restated Fund Balance at January 1, 1999	\$232,043	\$4,170	\$105,210	\$77,984

The Income Tax Fund was reclassified to the General Fund during 2000 pursuant to Village Ordinance 34-99. As a result, December 31, 1999 ending fund balances were restated. Prior to 2000 all income tax activity was recorded in an Agency fund and then monies transferred to governmental funds. The restatement is reflected as follows:

	Fund Type	
	General	Agency
Fund Balance at December 31, 1999	\$590,698	\$70,483
Fund Restatement	53,062	(53,063)
Restated Fund Balance January 1, 2000	\$643,760	\$17,420

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2000	1999
Demand deposits	\$ 961,312	\$ 864,677
Total deposits	961,312	864,677
STAR Ohio	1,432,773	1,354,356
Total deposits and investments	\$ 2,394,085	\$ 2,219,033

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

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

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,106,960	\$ 1,233,428	\$ 126,468
Special Revenue	172,180	192,489	20,309
Capital Projects	370,100	379,040	8,940
Enterprise	1,228,000	1,213,953	(14,047)
Total	<u>\$ 2,877,240</u>	<u>\$ 3,018,910</u>	<u>\$ 141,670</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,722,960	\$ 1,214,562	\$ 508,398
Special Revenue	475,380	242,155	233,225
Capital Projects	465,000	296,339	168,661
Enterprise	2,223,400	1,151,490	1,071,910
Total	<u>\$ 4,886,740</u>	<u>\$ 2,904,546</u>	<u>\$ 1,982,194</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 760,494	\$ 815,170	\$ 54,676
Special Revenue	176,126	250,550	74,424
Debt Service	25,431	21,388	(4,043)
Capital Projects	470,000	429,400	(40,600)
Enterprise	1,155,800	1,293,351	137,551
Total	<u>\$ 2,587,851</u>	<u>\$ 2,809,859</u>	<u>\$ 222,008</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,336,400	\$ 820,356	\$ 516,044
Special Revenue	975,302	164,527	810,775
Debt Service	25,650	25,558	92
Capital Projects	561,000	396,904	164,096
Enterprise	1,497,110	889,583	607,527
Total	<u>\$ 4,395,462</u>	<u>\$ 2,296,928</u>	<u>\$ 2,098,534</u>

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

5. PROPERTY TAX

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

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

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

6. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Mortgage Revenue Refunding Bonds	\$ 2,597,500	7.00%
Ohio Public Works Commission	678,351	0.00%
Bond Anticipation Notes	175,000	5.26%
General Obligation Bonds	20,000	9.87%
Total	\$ 3,470,851	

The Ohio Public Works Commission (OPWC) loans relate to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The Ohio Public Works Commission has approved up to \$888,864 in loans for the project. The loans will be repaid in semiannual installments, interest free, over 20 years. The schedule above represents the total amount borrowed to date.

The Mortgage Revenue Refunding Bonds relates to improvements to the Village's water supply and waterworks system. Council authorized \$2,875,000 in bonds for this project. The bonds are collateralized by water receipts.

General Obligation Bonds were issued in anticipation of Special Assessments for street improvements. In 1980, Council authorized \$340,000 for this project.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

6. DEBT (Continued)

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

Year ending December 31:	Mortgage Revenue Bonds	OPWC Loans	General Obligation Bonds
2001	\$ 244,142	\$ 43,721	\$ 21,975
2002	244,440	43,721	0
2003	244,390	43,721	0
2004	248,983	43,721	0
2005	247,945	43,721	0
Subsequent	<u>2,953,920</u>	<u>459,736</u>	<u>0</u>
Total	<u>\$ 4,183,820</u>	<u>\$ 678,341</u>	<u>\$ 21,975</u>

On May 1, 2000, the Village issued Waterworks System Improvement Bond Anticipation Notes for the purpose of improving the waterworks system. The debt issues will be retired with utility revenues. This note is payable on June 7, 2001.

Lease Purchase Agreements

On January 28, 2000, the Village entered into a lease-purchase agreement in the amount of \$35,583 for a Village truck. The terms of the lease require 36 monthly payments of \$1,073.

On August 28, 2000, the Village entered into a lease-purchase agreement in the amount of \$42,479 for two police cars. At December 31, 2000, \$28,318 remained to be paid on the lease agreement. Payments are to be made in August 2001 and August 2002 for \$14,159 each.

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 10.84% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Members of Council
Village of Johnstown
Licking County
P.O. Box 457
Johnstown, Ohio 43031

We have audited the financial statements of the Village of Johnstown, Licking County, Ohio (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 2, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 2, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-30645-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 2, 2001.

Members of Council
Village of Johnstown
Licking County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

JIM PETRO
Auditor of State

July 2, 2001

VILLAGE OF JOHNSTOWN
LICKING COUNTY

SCHEDULE OF FINDINGS

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2000-30645-001

Utility Department Operations Reconciliation

An open accounts receivable reconciliation is not completed each month. This report should be available as a part of the accounting software used by the Village. An open accounts receivable report reconciles the month's beginning open accounts receivable balance plus billings less collections and any adjustments to equal ending customer accounts receivable.

An open accounts receivable monthly reconciliation should be completed by the Water/Sewer Clerk. This report should be distributed to the Administrator for his review and approval. This report would allow the Village manager to review total billings, total collections, the total adjustments to account balances, and collections outstanding. Any items of significance or unfavorable trends in operations should be investigated in a timely manner.



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OFFICE OF THE AUDITOR

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VILLAGE OF JOHNSTOWN

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 31, 2001**