

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

AUDIT REPORT

YEAR ENDED DECEMBER 31, 2008

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA
Auditor of State

Village Council
Village of Johnstown
599 S. Main Street
P.O. Box 457
Johnstown, Ohio 43031

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 7, 2009

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**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Village of Johnstown
Licking County
599 South Main Street
Johnstown, Ohio 43031

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Johnstown, Licking County as of and for the year ended December 31, 2008, which collectively comprised the Village's basic financial statements. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Johnstown, Licking County, as of December 31, 2008, and the respective changes in financial position-cash basis and the respective budgetary comparison for the General Fund and Chambers Fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 25, 2009, on our consideration of the Village of Johnstown's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 25, 2009

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

The management's discussion and analysis of the Village of Johnstown's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2008, within the limitation of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- The total net assets of the Village decreased (\$647,706). Net assets of governmental activities decreased (\$892,834) or 37.12% from 2007 and net assets of business-type activities increased \$245,128 or 13.38% from 2007.
- General cash receipts accounted for \$1,830,638 or 82.10% of total governmental activities cash receipts. Program specific cash receipts accounted for \$398,982 or 17.90% of total governmental activities cash receipts. Total governmental activities cash receipts for 2008 were \$2,229,620.
- The Village had \$3,122,454 in cash disbursements related to governmental activities; \$398,982 of these cash disbursements were offset by program specific charges for services, grants or contributions. The remaining cash disbursements of the governmental activities of \$2,723,472 were offset by general cash receipts (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$1,830,638.
- The Village's major governmental funds are the General fund, the Special Revenue Chambers fund, and the Village Capital Projects fund. The General fund had cash receipts of \$1,822,105 and cash disbursements and other financing uses of \$2,101,511. The net decrease in fund balance for the General fund was (\$279,406) or 36.28%.
- The Chambers fund had cash receipts and other financing sources of \$111,065 and cash disbursements of \$456,818. The net decrease in fund balance was (\$345,753) or 21.78%..
- The Village Capital Projects fund had cash receipts and other financing sources of \$326,840 and cash disbursements of \$561,770. The net decrease in fund balance was (\$234,930) or 340.91%.
- The Water Fund had cash receipts \$892,595 and cash disbursements of \$1,119,995 in 2008. The net decrease in fund balance was (\$227,400) or 31.86%.
- The Sewer Fund had cash receipts of \$1,446,832 and cash disbursements of \$974,304 in 2008. The net increase in fund balance was \$472,528 or 42.23%.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
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Using the Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Village's cash basis of accounting.

The Statement of Net Assets – Modified Cash Basis and Statement of Activities- Modified Cash Basis provide information about the activities of the Village as a whole, presenting both an aggregate view of the Village's cash-basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Village's most significant funds with all other nonmajor funds presented in total in one column.

Since the Village uses the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded on these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

Statement of Net Assets and the Statement of Activities

A general question typically asked about the Village's finances is "How did we do financially during 2008?" The Statement of Net Assets-Modified Cash Basis and the Statement of Activities-Modified Cash Basis answers this question. These statements include only net assets using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's cash receipts and cash disbursements if the cash is actually received or paid.

These two statements report the Village's net assets and changes in those assets on a modified cash basis. This change in net assets is important because it tells the reader that, for the Village as a whole, the financial position of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the Statement of Net Assets-Modified Cash Basis and the Statement of Activities-Modified Cash Basis, the Village is divided into two distinct kinds of activities:

Governmental activities - The Village's programs and services are reported here including police, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
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Business-Type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Village's water and sewer operations are reported here.

Reporting the Village's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village uses many funds to account for financial transactions and has segregated these funds into major and nonmajor funds. Information for major funds is presented separately in the governmental fund financial statements while all other governmental funds are combined into a single, aggregated presentation. The Village's major governmental funds are the General, Special Revenue Chambers fund and the Village Capital Projects fund.

Governmental Funds

The governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. For the Village, these funds are reported using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Since the Village is reporting on the modified cash basis of accounting, there are no differences between net assets and fund balances or changes in net assets and changes in fund balances. Therefore, no such reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross cash receipts and cash disbursements on the Fund Financial Statements to the Statement of Activities – Modified Cash Basis, which is attributed to transfers between governmental and proprietary funds being eliminated for reporting in the Statement of Activities – Modified Cash Basis.

The Village's budgetary process accounts for certain transactions on the cash basis. The budgetary statements for the General fund and Special Revenue Chambers fund are presented to demonstrate the Village's compliance with annually adopted budgets. Differences arising between the changes in fund balances presented on the fund financial statements and fund balances on the budgetary statements are attributed to outstanding encumbrances at year end.

Proprietary Funds

The Village maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water and sewer functions. The Village's major enterprise funds are the Water and Sewer funds.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's own programs. The Village's only fiduciary fund is an agency fund which is used to account for the Village's Mayor's court and bid bond deposits. Only the cash held at year end for agency funds is presented.

The Village of Johnstown as a Whole

Recall that the Statement of Net Assets – Modified Cash Basis provides the perspective of the Village as a whole.

The table below provides a comparison of the Village's net assets for 2008 and 2007:

	Net Assets					
	Governmental Activities 2008	Business-type Activities 2008	Governmental Activities 2007	Business-type Activities 2007	2008 Total	2007 Total
<u>Assets</u>						
Cash and Cash Equivalents	\$ 1,512,661	\$ 2,077,744	\$ 2,405,495	\$ 1,832,616	\$ 3,590,405	\$ 4,238,111
Total assets	<u>\$ 1,512,661</u>	<u>\$ 2,077,744</u>	<u>\$ 2,405,495</u>	<u>\$ 1,832,616</u>	<u>\$ 3,590,405</u>	<u>\$ 4,238,111</u>
<u>Net Assets</u>						
Restricted	\$ 1,325,837	\$ -	\$ 1,704,335	\$ -	\$ 1,325,837	\$ 1,704,335
Unrestricted	<u>186,824</u>	<u>2,077,744</u>	<u>701,160</u>	<u>1,832,616</u>	<u>2,264,568</u>	<u>2,533,776</u>
Total net assets	<u>\$ 1,512,661</u>	<u>\$ 2,077,744</u>	<u>\$ 2,405,495</u>	<u>\$ 1,832,616</u>	<u>\$ 3,590,405</u>	<u>\$ 4,238,111</u>

The total net assets of the Village decreased (\$647,706). Net assets of governmental activities decreased (\$892,834) and net assets of business-type activities increased \$245,128 from 2007.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

The table below provides a summary of changes in the Village's net assets for 2008 and 2007:

	Change in Net Assets					
	Governmental Activities 2008	Business-type Activities 2008	Governmental Activities 2007	Business-type Activities 2007	2008 Total	2007 Total
Cash receipts:						
Program cash receipts:						
Charges for services and sales	\$ 140,460	\$ 1,613,049	\$ 117,449	\$ 1,741,493	\$ 1,753,509	\$ 1,858,942
Operating grants and contributions	197,448	-	23,953	-	197,448	23,953
Capital grants and contributions	61,074	-	276,239	-	61,074	276,239
Total program cash receipts	398,982	1,613,049	417,641	1,741,493	2,012,031	2,159,134
General cash receipts:						
Property taxes	225,267	-	237,426	-	225,267	237,426
Income taxes	1,071,073	-	1,120,719	-	1,071,073	1,120,719
Unrestricted grants and entitlements	279,434	-	385,370	-	279,434	385,370
Investment earnings	109,769	45,222	159,319	81,002	154,991	240,321
Loan Proceeds	18,660	-	507,426	20,577	18,660	528,003
Sale of Bonds	29,243	650,000	41,140	62,406	679,243	103,546
Miscellaneous	97,192	31,156	230,949	26,823	128,348	257,772
Total general cash receipts	1,830,638	726,378	2,682,349	190,808	2,557,016	2,873,157
Cash disbursements:						
General government	525,917	-	504,218	-	525,917	504,218
Security of persons and property	1,017,635	-	974,109	-	1,017,635	974,109
Public health services	14,997	-	14,000	-	14,997	14,000
Transportation	266,905	-	237,434	-	266,905	237,434
Community environment	653,784	-	1,075,549	-	653,784	1,075,549
Leisure time activities	62,786	-	63,852	-	62,786	63,852
Capital outlay	307,720	-	649,162	-	307,720	649,162
Debt service:						
Principal retirement	248,145	-	110,000	-	248,145	110,000
Interest and fiscal charges	24,565	-	101,348	-	24,565	101,348
Water	-	1,119,995	-	1,185,188	1,119,995	1,185,188
Sewer	-	974,304	-	1,137,396	974,304	1,137,396
Total cash disbursements	3,122,454	2,094,299	3,729,672	2,322,584	5,216,753	6,052,256
Change in net cash assets	(892,834)	245,128	(629,682)	(390,283)	(647,706)	(1,019,965)
Net cash assets at beginning of year	2,405,495	1,832,616	3,035,177	2,222,899	4,238,111	5,258,076
Net cash assets at end of year	\$ 1,512,661	\$ 2,077,744	\$ 2,405,495	\$ 1,832,616	\$ 3,590,405	\$ 4,238,111

Security of persons and property, which primarily supports the operations of the police department, accounted for \$1,017,635 and capital outlay cash disbursements totaled \$307,720 of the total cash disbursements.

General cash receipts totaled \$2,557,016 and amounted to 56.86% of the total Village cash receipts. General cash receipts consist of property and income tax receipts of \$1,296,340, water and sewer charges for service receipts of \$1,613,049, and also sale of bonds of \$679,243.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

The Statement of Activities-Modified Cash Basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the Village is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities. In future years, when prior year information has been provided, a comparative analysis of governmental data will be presented.

Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements

	Services <u>2008</u>	Services <u>2008</u>	Services <u>2007</u>	Services <u>2007</u>
Program Cash Disbursements:				
General government	\$ 525,917	\$ 508,291	\$ 504,218	\$ 486,872
Security of persons and property	1,017,635	1,017,635	974,109	974,109
Public health services	14,997	14,997	14,000	14,000
Transportation	266,905	69,457	237,434	237,434
Community environment	653,784	543,750	1,075,549	987,021
Capital outlay	307,720	246,646	649,162	372,923
Leisure time activities	62,786	53,011	63,852	54,827
Public safety	-	(3,025)	-	(26,503)
Debt service:				
Principal retirement	248,145	248,145	110,000	110,000
Interest and fiscal charges	24,565	24,565	101,348	101,348
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 3,122,454</u>	<u>\$ 2,723,472</u>	<u>\$ 3,729,672</u>	<u>\$ 3,312,031</u>

The dependence upon general cash receipts for governmental activities is apparent, with 59.85% of cash disbursements supported through taxes and other general revenues.

Business-Type Activities

Business-Type activities include the Water and Sewer funds. These major funds had program cash receipts of \$1,613,049, general cash receipts of \$726,378 and cash disbursements of \$2,094,299 for 2008.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The Village's governmental funds are accounted for using the modified cash basis of accounting.

The Village's governmental funds reported a combined fund cash balance of \$1,512,661, which is (\$892,834) less than last year's combined total of \$2,405,495. The schedule below indicates the fund cash balance and the total change in fund cash balances as of December 31, 2008 and December 31, 2007, for all major and nonmajor governmental funds.

	Fund Balances <u>12/31/08</u>	Fund Balances <u>12/31/07</u>	<u>(Decrease)</u>
Major funds:			
General	\$ 490,667	\$ 770,073	\$ (279,406)
Chambers Fund	1,241,909	1,587,662	(345,753)
Village Capital Projects	(303,843)	(68,913)	(234,930)
Other nonmajor governmental funds	<u>83,928</u>	<u>116,673</u>	<u>(32,745)</u>
Total	<u>\$ 1,512,661</u>	<u>\$ 2,405,495</u>	<u>\$ (892,834)</u>

Budgeting Highlights - General Fund

The Village's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the Village's appropriations which are restricted by the amounts of anticipated revenues certified by the County Budget Commission in accordance with the ORC. Therefore, the Village's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the General and Chambers funds. In the General fund, the actual cash receipts were (\$11,667) lower than they were in the final budget and actual cash disbursements and other financing uses were \$372,552 less than the amount in the final budget.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

Capital Assets and Debt Administration

Capital Assets

The Village does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as cash disbursements. The Village had capital outlay cash disbursements of \$490,340 in governmental funds and \$306,896 in enterprise funds during 2008.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2008 and 2007:

General obligation bonds	\$ 610,000	\$ 720,000	
Equipment Acquisition Bonds	33,594	41,140	
Police Cruiser Bonds	29,243	-	
Vehicle Bonds	16,272	21,696	
ODOT Infrastructure Bonds	640,660	622,000	
OPWC Loan	454,059	579,234	
 Total long-term obligations	 \$ 1,783,828	 \$ 1,984,070	
	Business-Type Activities		
	2008	2007	
OPWC loans	\$ 753,293	\$ 856,961	
OWDA loans	4,972,220	5,211,665	
Mortgage revenue bonds	1,685,000	1,825,000	
General Obligation Bonds	650,000	-	
Equipment Acquisition Bonds	37,442	49,924	
 Total long-term obligations	 \$ 8,097,955	 \$ 7,943,550	

See Note 12 to the basic financial statements for more detail on the Village's long-term debt obligations.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

Economic Conditions and Outlook

Johnstown is located in the Northwest corner of Licking County. Two State Routes, (37 and 62) run through the center of the Village, and we are less than 15 miles from I-270. Our population is estimated to be around 4,200 residents. We are primarily a bedroom community for Columbus, New Albany, and Westerville. Johnstown is 26 miles away from downtown Columbus, Capital of The State of Ohio. Our Industrial Park is located within the Village limits. The Park is expanding and currently employs approximately 735 workers. The Village continues to attract businesses by Tax Increment Financing, Enterprise Zone Agreements, and Economic Incentives given by the Village Council.

With a 3% average increase of residents, our community has expanded our boundaries several times since the 2000 Census. Recognizing our growth impact on our School systems we have implemented all new developments with Tax Increment Financing. This will not only help protect the financial future of the schools, but the Village infrastructure as well. The Village has been actively pursuing state and federal grants for a variety of programs to better the residential areas and downtown businesses.

In 1995, the Village completed the construction of a new Water Plant with the capacity of 1.25 MGD. Currently we are averaging 345,000 MGD. The Water facility also upgraded the Water Tower in 2001. In 2006, the Village completed the construction of a new Sewer Plant with the capacity of 1.2 MGD. The Sewer Plant's average is 425,000 MGD. With future growth and available expansions if needed at both Plants, the Village of Johnstown has successfully made our Utility system reliable for our current citizens and those to come. With no major projects in the foreseeable future, Utility Bills are becoming more stable, with no major increases needed.

The Village of Johnstown has seen positive economic changes. Income Tax collections in 2005 rose to over a million dollars for the first time in our history and we have continued this trend in 2007 and 2008. The economy in Ohio has slowed down, causing the State funding to decrease for local governments. Despite the lack of funding, Johnstown has either maintained or increased revenue collections.

Johnstown will continue conservative budgetary practices in order to preserve a positive investment portfolio and a sound financial position for future years. Cooperation by employees of the Village, residents, and businesses will prove that great opportunities are in store for economic and financial progress. Johnstown will continue to escalate and prosper through out the coming years.

Contacting the City's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Sandra Berry, Finance Director, Village of Johnstown, 599 South Main Street, Johnstown, Ohio 43031.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 1,512,661	\$ 2,077,744	\$ 3,590,405
<i>Total Assets</i>	<u>\$ 1,512,661</u>	<u>\$ 2,077,744</u>	<u>\$ 3,590,405</u>
 Net Assets			
Restricted for:			
Community Projects	\$ 1,241,909	\$ -	\$ 1,241,909
Other Purposes	83,928	-	83,928
Unrestricted	186,824	2,077,744	2,264,568
<i>Total Net Assets</i>	<u>\$ 1,512,661</u>	<u>\$ 2,077,744</u>	<u>\$ 3,590,405</u>

See accompanying notes and accountant's report

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Cash Receipts				Net (Cash Disbursements) Cash Receipts and Changes in Net Assets			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities								
General Government	\$ 525,917	\$ 17,626	\$ -	\$ -	\$ (508,291)	\$ -	\$ (508,291)	
Security of Persons and Property	1,017,635	-	-	-	(1,017,635)	-	(1,017,635)	
Public Health Services	14,997	-	-	-	(14,997)	-	(14,997)	
Leisure Time Activities	62,786	9,775	-	-	(53,011)	-	(53,011)	
Community Environmen	653,784	110,034	-	-	(543,750)	-	(543,750)	
Public Safety	-	3,025	-	-	3,025	-	3,025	
Transportation	266,905	-	197,448	-	(69,457)	-	(69,457)	
Capital Outlay	307,720	-	-	61,074	(246,646)	-	(246,646)	
Debt Service:								
Principal Retirement	248,145	-	-	-	(248,145)	-	(248,145)	
Interest and Fiscal Charges	24,565	-	-	-	(24,565)	-	(24,565)	
<i>Total Governmental Activities</i>	<u>3,122,454</u>	<u>140,460</u>	<u>197,448</u>	<u>61,074</u>	<u>(2,723,472)</u>	<u>-</u>	<u>(2,723,472)</u>	
Business Type Activity								
Water	1,119,995	839,779	-	-	-	(280,216)	(280,216)	
Sewer	974,304	773,270	-	-	-	(201,034)	(201,034)	
<i>Total Business Type Activities</i>	<u>2,094,299</u>	<u>1,613,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(481,250)</u>	<u>(481,250)</u>	
Total	<u>\$ 5,216,753</u>	<u>\$ 1,753,509</u>	<u>\$ 197,448</u>	<u>\$ 61,074</u>	<u>(2,723,472)</u>	<u>(481,250)</u>	<u>(3,204,722)</u>	
		General Cash Receipts:						
		Property Taxes Levied for:						
		General Purposes				225,267	-	225,267
		Municipal Income Taxes				1,071,073	-	1,071,073
		Grants and Entitlements not Restricted to Specific Programs				279,434	-	279,434
		Loan Proceeds				18,660	-	18,660
		Sale of Bonds				29,243	650,000	679,243
		Interest				109,769	45,222	154,991
		Miscellaneous				97,192	31,156	128,348
		<i>Total General Receipts</i>				<u>1,830,638</u>	<u>726,378</u>	<u>2,557,016</u>
		Change in Net Assets				(892,834)	245,128	(647,706)
		<i>Net Assets Beginning of Year</i>				<u>2,405,495</u>	<u>1,832,616</u>	<u>4,238,111</u>
		<i>Net Assets End of Year</i>				<u>\$ 1,512,661</u>	<u>\$ 2,077,744</u>	<u>\$ 3,590,405</u>

See accompanying notes and accountant's report

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	General	Chambers Fund	Village Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 490,667	\$ 1,241,909	\$ (303,843)	\$ 83,928	\$ 1,512,661
<i>Total Assets</i>	<u>\$ 490,667</u>	<u>\$ 1,241,909</u>	<u>\$ (303,843)</u>	<u>\$ 83,928</u>	<u>\$ 1,512,661</u>
Liabilities					
Fund Balances					
Reserved for Encumbrances	\$ 763	\$ 3,205	\$ -	\$ -	\$ 3,968
Unreserved:					
Unreserved, undesignated reported in:					
General Fund	489,904	-	-	-	489,904
Special Revenue Funds	-	1,238,704	-	83,928	1,322,632
Capital Projects Funds	-	-	(303,843)	-	(303,843)
<i>Total Fund Balances</i>	<u>\$ 490,667</u>	<u>\$ 1,241,909</u>	<u>\$ (303,843)</u>	<u>\$ 83,928</u>	<u>\$ 1,512,661</u>

See accompanying notes and accountant's report

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
MODIFIED CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	General	Chambers Fund	Village Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash Receipts:					
Municipal Income Taxes	\$ 1,071,073	\$ -	\$ -	\$ -	\$ 1,071,073
Property and Other Local Taxes	225,267	-	-	-	225,267
Charges for Services	9,775	-	-	-	9,775
Fines, Licenses and Permits	209,575	-	-	4,263	213,838
Intergovernmental	250,924	28,510	61,074	197,448	537,956
Interest	41,452	63,895	2,947	1,475	109,769
Miscellaneous	14,039	-	-	-	14,039
<i>Total Cash Receipts</i>	<u>1,822,105</u>	<u>92,405</u>	<u>64,021</u>	<u>203,186</u>	<u>2,181,717</u>
Cash Disbursements:					
Current:					
General Government	479,392	-	-	6,605	485,997
Security of Persons and Property	1,017,635	-	-	-	1,017,635
Public Health Services	14,997	-	-	-	14,997
Leisure Time Activities	62,786	-	-	-	62,786
Community Environment	215,626	438,158	-	-	653,784
Transportation	44,188	-	-	222,717	266,905
Capital Outlay	-	18,660	289,060	-	307,720
Debt Service:					
Principal Retirement	-	-	248,145	-	248,145
Interest and Fiscal Charges	-	-	24,565	-	24,565
<i>Total Cash Disbursements</i>	<u>1,834,624</u>	<u>456,818</u>	<u>561,770</u>	<u>229,322</u>	<u>3,082,534</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(12,519)</u>	<u>(364,413)</u>	<u>(497,749)</u>	<u>(26,136)</u>	<u>(900,817)</u>
Other Financing Sources (Uses)					
Loan Proceeds	-	18,660	-	-	18,660
Sale of Bonds	-	-	29,243	-	29,243
Transfers In	-	-	233,576	-	233,576
Transfers Out	(233,576)	-	-	-	(233,576)
Other Financing Uses	(33,311)	-	-	(6,609)	(39,920)
<i>Total Other Financing Sources (Uses)</i>	<u>(266,887)</u>	<u>18,660</u>	<u>262,819</u>	<u>(6,609)</u>	<u>7,983</u>
<i>Net Change in Fund Balances</i>	(279,406)	(345,753)	(234,930)	(32,745)	(892,834)
<i>Fund Balances Beginning of Year</i>	<u>770,073</u>	<u>1,587,662</u>	<u>(68,913)</u>	<u>116,673</u>	<u>2,405,495</u>
<i>Fund Balances End of Year</i>	<u>\$ 490,667</u>	<u>\$ 1,241,909</u>	<u>\$ (303,843)</u>	<u>\$ 83,928</u>	<u>\$ 1,512,661</u>

See accompanying notes and accountant's report

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Cash Basis Receipts:				
Municipal Income Taxes	\$ 1,150,696	\$ 1,150,696	\$ 1,071,073	\$ (79,623)
Property and Other Local Taxes	216,662	216,662	225,267	8,605
Charges for Services	8,675	8,675	9,775	1,100
Fines, Licenses and Permits	185,997	185,997	209,575	23,578
Intergovernmental	222,694	222,694	250,924	28,230
Interest	36,788	36,788	41,452	4,664
Miscellaneous	12,260	12,260	14,039	1,779
<i>Total Cash Receipts</i>	<u>1,833,772</u>	<u>1,833,772</u>	<u>1,822,105</u>	<u>(11,667)</u>
Cash Disbursements:				
Current:				
General Government	605,665	605,665	480,155	125,510
Security of Persons and Property	1,109,497	1,109,497	1,017,635	91,862
Public Health Services	15,500	15,500	14,997	503
Leisure Time Activities	81,259	81,259	62,786	18,473
Community Environment	243,976	243,976	215,626	28,350
Transportation	45,623	45,623	44,188	1,435
<i>Total Cash Disbursements</i>	<u>2,101,520</u>	<u>2,101,520</u>	<u>1,835,387</u>	<u>266,133</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(267,748)</u>	<u>(267,748)</u>	<u>(13,282)</u>	<u>254,466</u>
Other Financing Sources (Uses)				
Transfers Out	(336,790)	(336,790)	(233,576)	103,214
Other Financing Uses	(36,516)	(36,516)	(33,311)	3,205
<i>Total Other Financing Sources (Uses)</i>	<u>(373,306)</u>	<u>(373,306)</u>	<u>(266,887)</u>	<u>106,419</u>
<i>Net Change in Fund Balance</i>	(641,054)	(641,054)	(280,169)	360,885
<i>Fund Balance at Beginning of Year</i>	768,765	768,765	768,765	-
Prior Year Encumbrances Appropriated	1,308	1,308	1,308	-
<i>Fund Balance at End of Year</i>	<u>\$ 129,019</u>	<u>\$ 129,019</u>	<u>\$ 489,904</u>	<u>\$ 360,885</u>

See accompanying notes and accountant's report

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
CHAMBERS FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts:				
Intergovernmental	\$ -	\$ -	\$ 28,510	28,510
Interest	<u>80,000</u>	<u>80,000</u>	<u>63,895</u>	<u>(16,105)</u>
<i>Total Cash Receipts</i>	<u>80,000</u>	<u>80,000</u>	<u>92,405</u>	<u>12,405</u>
Cash Disbursements:				
Community Environment	444,100	444,100	441,363	2,737
Capital Outlay	<u>-</u>	<u>-</u>	<u>18,660</u>	<u>(18,660)</u>
<i>Total Cash Disbursements</i>	<u>444,100</u>	<u>444,100</u>	<u>460,023</u>	<u>(15,923)</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(364,100)</u>	<u>(364,100)</u>	<u>(367,618)</u>	<u>(3,518)</u>
Other Financing Sources (Uses)				
Loan Proceeds	<u>-</u>	<u>-</u>	<u>18,660</u>	<u>18,660</u>
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>18,660</u>	<u>18,660</u>
<i>Net Change in Fund Balance</i>	(364,100)	(364,100)	(348,958)	15,142
<i>Fund Balance at Beginning of Year</i>	1,572,101	1,572,101	1,572,101	-
Prior Year Encumbrances Appropriated	<u>15,561</u>	<u>15,561</u>	<u>15,561</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,223,562</u>	<u>\$ 1,223,562</u>	<u>\$ 1,238,704</u>	<u>\$ 15,142</u>

See accompanying notes and accountant's report

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
ENTERPRISE FUNDS
DECEMBER 31, 2008

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total Enterprise Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 486,376	\$ 1,591,368	\$ 2,077,744
<i>Total Assets</i>	<u>\$ 486,376</u>	<u>\$ 1,591,368</u>	<u>\$ 2,077,744</u>
Net Assets:			
Unrestricted	\$ 486,376	\$ 1,591,368	\$ 2,077,744
<i>Total Net Assets</i>	<u>\$ 486,376</u>	<u>\$ 1,591,368</u>	<u>\$ 2,077,744</u>

See accompanying notes and accountant's report

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total Enterprise Funds
Operating Cash Receipts:			
Charges for Services	\$ 839,779	\$ 773,270	\$ 1,613,049
<i>Total Operating Cash Receipts</i>	<u>839,779</u>	<u>773,270</u>	<u>1,613,049</u>
Operating Disbursements:			
Personal Services	255,201	181,452	436,653
Fringe Benefits	94,781	77,031	171,812
Contractual Services	64,038	67,532	131,570
Materials and Supplies	125,497	132,919	258,416
Other	17,020	3,061	20,081
<i>Total Operating Cash Disbursements</i>	<u>556,537</u>	<u>461,995</u>	<u>1,018,532</u>
<i>Operating Income</i>	<u>283,242</u>	<u>311,275</u>	<u>594,517</u>
Non-Operating Cash Receipts (Cash Disbursements):			
Sale of Bonds	-	650,000	650,000
Interest	21,843	23,379	45,222
Miscellaneous	30,973	-	30,973
Debt Service:			
Principal	(198,909)	(296,686)	(495,595)
Interest	(134,694)	(104,869)	(239,563)
Issuance Costs	-	(24,630)	(24,630)
Bond Discount	-	(7,776)	(7,776)
Capital Outlay	(229,105)	(78,348)	(307,453)
Other Financing Sources	-	183	183
Other Financing Uses	(750)	-	(750)
<i>Total Non-Operating Cash Receipts (Cash Disbursements)</i>	<u>(510,642)</u>	<u>161,253</u>	<u>(349,389)</u>
<i>Change in Net Assets</i>	<u>(227,400)</u>	<u>472,528</u>	<u>245,128</u>
<i>Net Assets at Beginning of Year</i>	<u>713,776</u>	<u>1,118,840</u>	<u>1,832,616</u>
<i>Net Assets at End of Year</i>	<u>\$ 486,376</u>	<u>\$ 1,591,368</u>	<u>\$ 2,077,744</u>

See accompanying notes and accountant's report

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2008

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$ 20,348</u>
<i>Total Assets</i>	<u><u>\$ 20,348</u></u>
Net Assets:	
Unrestricted	<u>\$ 20,348</u>
Total Net Assets	<u><u>\$ 20,348</u></u>

See accompanying notes and accountant's report

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 1 – Reporting Entity

The Village of Johnstown, Licking County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a seven-member Council.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have any component units.

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

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

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 2 – Summary of Significant Accounting Policies (Continued)

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

B. Basis of Presentation

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

Government-Wide Financial Statements

The Statement of Net Assets – Modified Cash Basis and the Statement of Activities – Modified Cash Basis display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets – Modified Cash Basis presents the cash balance of the governmental and business-type activities of the Village at year end. The Statement of Activities – Modified Cash Basis compares cash disbursements with program cash receipts for each of the Village's governmental and business-type activities. Cash disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program cash receipts, with certain limited exceptions. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Village's general cash receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds.

Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating cash receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating cash disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Fund Accounting

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

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental cash receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General fund, Special Revenue Chambers fund, and the Village Capital Projects fund.

General - The General fund is used to account for all financial resources, except those required to be accounted for 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.

Chambers fund - The Chambers fund receives interest and intergovernmental monies to account for future community projects and interests.

Village Capital Projects - The Village Capital Projects fund receives intergovernmental cash receipts and transfers in to account for Village improvements and retire outstanding debt.

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

Proprietary Fund

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

Enterprise Funds

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

Water Fund - The Water fund accounts for the provision of water 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.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village has the following significant agency fund:

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 2 – Summary of Significant Accounting Policies (Continued)

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 of Ohio.

D. Budgetary Process

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

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

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

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

E. Cash and Cash Equivalents

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 2 – Summary of Significant Accounting Policies (Continued)

During 2008, the Village invested in nonnegotiable certificates of deposit, repurchase agreements, federal agency securities, money market funds, and STAR Ohio. Investments are reported at cost, except for the money market fund and the Village's certificates of deposit. The Village's money market fund investment is recorded at the amount reported by the Village's financial institutions on December 31, 2007. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$41,452.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village did not report any restricted assets at December 31, 2008.

G. Inventory and Prepaid Items

The Village reports cash disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The Village did not advance monies between funds during the year ended December 31, 2008.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the cash disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 2 – Summary of Significant Accounting Policies (Continued)

L. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for street construction and repair and security of persons and property.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. There were no net assets restricted by enabling legislation at December 31, 2008.

N. Fund Balance Reserves/Fund Designations

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. No monies were designated by the Village during 2008. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Village reported reservations of encumbrances at December 31, 2008.

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general cash receipts.

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating cash receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Village had no extraordinary or special items during 2008.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, cash disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General and Chambers Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$763 for the General fund and \$3,205 for the Chambers fund.

Note 5 – Deposits and Investments

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

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

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

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

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 5 – Deposits and Investments (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer’s investment pool (STAR Ohio).

In addition, authorized investments may include investments in commercial paper and bankers acceptances with appropriate limitations if ORC training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Village’s carrying amount was \$69,344 and the Village’s bank balance of \$77,359 was insured by the Federal Deposit Insurance Corporation (FDIC). There was no actual overdraft due to the “zero balance” nature of the Village’s bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements, which are reported as investments.

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

Investments

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

	Carrying Value	Maturity
STAR Ohio	\$ 121,184	Average 54.7 Days
Repurchase Agreements	1,071,472	6 Months or Less
Money Market Accounts	8,057	6 Months or Less
Certificates of Deposit	196,000	May 2010
FHLB Note	500,000	February 2013
FHLB Note	500,000	March 2011
FNMA Note	500,000	April 2013
FHLM	501,725	February 2013
FNMA Note	142,971	May 2012
Total Portfolio	\$3,541,409	

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 5 – Deposits and Investments (Continued)

Interest Rate Risk - Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village’s investment policy addresses interest rate risk by requiring that the Village’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk - STAR Ohio carries a rating of AAA by Standard and Poor’s and the U.S. Government Securities were rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The money market funds carry a rating of AAA by Standard & Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The repurchase agreement is unrated.

Concentration of Credit Risk - The Village has established an investment policy dealing with concentration of credit risk beyond the requirements in state statutes. In addition to state statutes, the Village’s investment policy requires no more than fifty percent of the Village’s public monies be invested in repurchase agreements with any one eligible depository, nor more than twenty-five percent of the Village’s public monies shall be invested in repurchase agreements with any one qualified securities dealer, and no more than twenty-five percent shall be invested in the Ohio Subdivision Fund pursuant to Ohio Revised Code Section 135.45.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement and the federal home loan mortgage corporation notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Village’s name. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Reconciliation of Cash and its Investment to the Statement of Net Assets

The following is a reconciliation of cash and its investment to the Statement of Net Assets at December 31, 2008:

Investment (summarized on the previous page)	\$ 3,541,409
Carrying amount of the Village’s deposits	69,344
Cash and cash equivalents – Statement of Fiduciary Net Assets	<u>(20,348)</u>
Cash and cash equivalents – Statement of Net Assets	<u>\$ 3,590,405</u>

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 6 – Income Taxes

The Village levies a 1 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 7 – Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the Village. Property tax revenue received during 2008 for real and public utility property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

2007 real property taxes are levied after October 1, 2008, on assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of the appraised value. 2008 real property taxes are collected in and intended to finance 2009.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2008, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments for machinery and equipment are 25 percent of true value and 23 percent of true value of inventory.

The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent and zero for 2009.

The full tax rate for all Village operations for the year ended December 31, 2007, was \$2.30 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$ 75,234,290
Agriculture	1,076,300
Commercial/Industrial/Mineral	16,345,870
Public Utility Property	
Personal	2,150,850
Tangible Personal Property	110,160
Total Assessed Value	<u>\$ 94,917,470</u>

**VILLAGE OF JOHNSTOWN
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 7 – Property Taxes (Continued)

Real property taxes are payable annually and semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. For 2007, the due dates were February 19 and July 15.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

Note 8 – Interfund Transfers

During 2008 the following transfers were made:

Transfers from the General Fund to:	
Village Capital Projects Fund	<u>\$ 233,576</u>
Total Transfers from the General Fund	<u>\$ 233,576</u>

Interfund transfers are used to (1) allocate revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) allocate cash receipts restricted for debt service from the funds collecting the cash receipts to the debt service fund as debt service payments become due, and (3) use unrestricted cash receipts collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 9 – Risk Management

The Village is exposed to various risks of loss related to torts, theft, or damage/destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2008, the Village contracted with private carriers for property and fleet insurance, general liability insurance, and various other coverages. Coverage provided during the fiscal year is as follows:

Workers Compensation and Employer's Liability - \$1,000,000
Automobile Liability - \$1,000,000
Builder's Risk - \$10,000,000
General Liability - \$1,000,000
Umbrella Coverage - \$7,000,000
Boiler & Machinery - \$12,436,685

There have been no significant reductions in insurance coverage during the fiscal year 2008. Settled claims have not exceeded commercial excess coverage in any of the past three years.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 10 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2008 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$137,460, \$132,599, and \$101,275, respectively; 100 percent has been contributed for 2008, 2007, and 2006.

B. Ohio Police and Fire Pension Fund

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

Funding Policy – The Village has no firefighters. Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers. Contribution rates are established by State statute. For 2008, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The Village's pension contributions to OP&F were \$66,698 for the year ended December 31, 2007, \$185,713 for the year ended December 31, 2007, and \$76,749 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 100 percent has been contributed for 2008.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 11 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6 percent annually for the next nine years and 4 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 363,503. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) was \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

**VILLAGE OF JOHNSTOWN
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 11 - Postemployment Benefits (Continued)

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F.

Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2008, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll, of which 6.75 percent of covered payroll was applied to the postemployment health care program during 2008.. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 12 – Debt

The Village’s long-term debt activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<u>Governmental Activities</u>						
Municipal Building						
General Obligation Bonds	6.00%	\$720,000	\$0	\$(110,000)	\$610,000	\$115,000
Police Cruiser Bonds	4.45%	0	29,243	(0)	29,243	9,322
Vehicle Bonds	4.42%	21,696	0	(5,424)	16,272	5,424
Equipment Acquisition Bonds	4.20%	41,140	0	(7,546)	33,594	7,876
ODOT State Infrastructure Loan	0%-3%	622,000	18,660	(0)	640,660	71,988
2006 Ohio Public Works Loan *	0.00%	133,004	0	(38,001)	95,003	38,001
2007 Ohio Public Works Loan	0.00%	36,245	0	(5,178)	31,067	5,178
2007 Ohio Public Works Loan	0.00%	409,985	0	(81,996)	327,989	81,996
Total Governmental Activities		<u>1,984,070</u>	<u>47,903</u>	<u>(248,145)</u>	<u>1,783,828</u>	<u>334,785</u>
<u>Business-type Activities</u>						
1994 Ohio Public Works Loan	0.00%	\$73,913	\$ 0	\$(10,558)	\$63,355	\$10,559
1995 Ohio Public Works Loan	0.00%	179,948	0	(21,171)	158,777	21,171
1997 Water Mortgage Revenue Bonds	5.35%	1,825,000	0	(140,000)	1,685,000	145,000
Equipment Acquisition Bonds	4.48%	49,924	0	(12,482)	37,442	12,482
1997 Ohio Public Works Loan	0.00%	120,095	0	(11,438)	108,657	11,438
2001 Ohio Public Works Loan	0.00%	262,500	0	(17,500)	245,000	17,500
2005 Ohio Public Works Loan	0.00%	87,500	0	(5,000)	82,500	5,000
2006 Ohio Public Works Loan *	0.00%	133,005	0	(38,001)	95,004	38,001
2008 Sanitary Sewer System General Obligation Improvement Bonds	4.40%-6.50%	0	650,000	(0)	650,000	55,000
2002 Ohio Water Development Authority Loan	4.64%	337,321	0	(6,931)	330,390	7,728
2004 Ohio Water Development Authority WPCLF Loan	2.22%	4,874,344	0	(232,514)	4,641,830	0
Total Business-type Activities		<u>7,943,550</u>	<u>650,000</u>	<u>(495,595)</u>	<u>8,097,955</u>	<u>323,879</u>
Total Long-Term Debt		<u>\$9,927,620</u>	<u>\$697,903</u>	<u>\$(743,740)</u>	<u>\$9,881,783</u>	<u>\$658,664</u>

* - During 2008, principal payments were split between the Capital Projects and Water Fund.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 12 – Debt (Continued)

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The Ohio Water Development Authority (OWDA) loan relates to the design, planning, and construction of a new water storage tank. In 2004 an additional loan was entered into for the purpose of improvements to the wastewater treatment plant. Funds have been approved in the amount of \$5,593,700 and the amount disbursed as of December 31, 2007 was \$5,213,631. Once OWDA finalizes repayment terms an amortization schedule will be provided for the repayment of this outstanding debt.

The Mortgage Revenue Bonds were obtained for the purpose of paying for improvements to the Village's water supply and waterworks system. Council authorized \$2,875,000 in bonds for the completion of this project.

In May 2006, the Village entered into a loan agreement with the Ohio Department of Transportation (ODOT) through the State Infrastructure Bank for an amount not to exceed \$641,237 at an interest rate ranging from 0% - 3% for the purpose of constructing approximately 1,500 lineal feet of new roadway to extend Commerce Drive within the existing industrial park. The Village recorded \$18,660 of loan proceeds during 2008.

During 2007, the Village issued \$41,140 and \$62,406 in equipment acquisition bonds at 4.20% and 4.48%, respectively. These bonds were recorded in the Village Capital Projects fund and Water fund and will be repaid over a period of 5 years.

The Village participated in the 2007 State Capital Improvements Program offered by the Ohio Public Works Commission associated with the Hillview Drive Improvements. As part of this project, the Village entered into a loan of \$36,245 at 0% which would be repaid semi-annually by the Village over a period of 7 years. Once OPWC finalizes repayment terms an amortization schedule will be provided for the repayment of this outstanding debt.

In August 2008 the Village issued \$29,243 bonds at an interest rate of 4.45% for the purposes of purchasing police cruisers for the Village. These bonds were recorded within the Village Capital Project fund and will be repaid over a period of 3 years.

The Village issued \$650,000 Sanitary Sewer System Improvement General Obligation Bonds during 2008 with stated interest rates ranging from 4.40% to 6.125% with stated final maturity in December 2017.

The Village participated in the 2007 State Capital Improvements Program offered by the Ohio Public Works Commission associated with the Sunset Drive Improvements. As part of this project, the Village entered into a loan of \$409,985 at 0% which would be repaid semi-annually by the Village over a period of 5 years.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 12 – Debt (Continued)

The following is a summary of the Village’s future annual debt service requirements:

Year	Municipal Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$115,000	\$20,083	7,728	15,242	228,845	\$ 0
2010	120,000	16,863	8,090	14,879	228,845	0
2011	120,000	13,203	8,470	14,499	190,846	0
2012	125,000	9,182	8,868	14,101	152,844	0
2013	130,000	4,746	50,987	63,859	70,845	0
2014 – 2018	0	0	64,130	50,715	232,627	0
2019 – 2023	0	0	80,662	34,184	95,000	0
2024 – 2028	0	0	101,455	13,391	7,500	0
2029 – 2033	0	0	0	0	0	0
Totals	\$610,000	\$64,077	\$330,390	\$220,870	\$1,207,352	\$ 0

Year	Mortgage Revenue Bonds		Equipment Acquisition Bonds		Police Cruiser Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	145,000	99,920	20,358	3,024	\$9,322	\$1,199
2010	155,000	91,800	20,697	2,126	9,741	779
2011	165,000	82,500	21,046	1,214	10,180	341
2012	175,000	72,600	8,935	287	0	0
2013	1,045,000	193,200	0	0	0	0
2014 – 2018	0	0	0	0	0	0
2019 – 2023	0	0	0	0	0	0
2024 – 2028	0	0	0	0	0	0
2029 – 2033	0	0	0	0	0	0
2034 – 2038	0	0	0	0	0	0
Totals	\$1,685,000	\$540,020	\$71,036	\$6,651	\$29,243	\$2,319

Year	State Infrastructure Loan		Sanitary Sewer General Obligation Bonds		Vehicle Acquisition Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 71,988	\$ 18,684	\$55,000	\$28,941	\$ 5,424	\$ 729
2010	74,165	16,508	60,000	28,915	5,424	486
2011	76,405	14,266	65,000	28,915	5,424	243
2012	78,716	11,957	70,000	28,915	0	0
2013	81,094	9,578	70,000	32,906	0	0
2014 – 2018	258,292	13,727	330,000	12,384	0	0
2019 – 2023	0	0	0	0	0	0
2024 – 2028	0	0	0	0	0	0
2029 – 2033	0	0	0	0	0	0
2034 – 2038	0	0	0	0	0	0
Totals	\$640,660	\$ 84,720	\$650,000	\$160,976	\$16,272	\$ 1,458

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 13 – Leases

In prior years, the Village has entered into capitalized leases which meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, “Accounting for Leases,” which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The following summarize the Village’s capital lease activity for 2008

On March 7, 2006, the Village entered into a lease-purchase agreement in the amount of \$27,079 for a 2006 Crown Victoria. As of December 31, 2008, \$4,798 remained outstanding to be paid in equal installments of \$9,834 on March 7 and September 7 with final payment in 2009.

On July 11, 2006, the Village entered into a lease-purchase agreement in the amount of \$27,311 for a 2006 Ford F250 Truck. As of December 31, 2008, \$9,630 remained outstanding to be paid in equal installments of \$10,011 on February 17 and August 17 with final payment in 2009.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2008:

Year Ending December 31, 2009	Amount
	<u>\$14,928</u>
Total Minimum Lease Payments	14,928
Less: Amount Representing Interest	<u>(500)</u>
Present Value Minimum Lease Payments	<u><u>\$14,428</u></u>

Under the basis of accounting as described in Note 2, these amounts are not reflected as assets and liabilities within the accompanying financial statements.

:

Note 14 – Compliance and Accountability

Contrary to Ohio Revised Code Section 5705.36, appropriations exceeded actual receipts for several funds in 2008.

Contrary to Ohio Revised Code Section 5705.39, several funds had appropriations greater than estimated resources.

Contrary to Ohio Revised Code Section 5705.41(D), expenditures were made prior to certification.

Note 15 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Village of Johnstown
Licking County
599 South Main Street
Johnstown, Ohio 43031

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Johnstown, Licking County, Ohio, as of and for the years ended December 31, 2008, and have issued our report thereon dated May 25, 2009, wherein we noted the Village followed the modified cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Johnstown's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. We noted certain matters that we have reported to management in a separate letter dated May 25, 2009.

Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Johnstown's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and responses as item 2008-01 and 2008-02. We also noted certain immaterial instances of noncompliance that we have reported to the management of Village of Johnstown in a separate letter dated May 25, 2009.

Village of Johnstown's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Village of Johnstown's response and, accordingly, we express no opinion on it.

This report is intended for the information of the Village's management, fiscal officer, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 25, 2009

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

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

FINDING NUMBER 2008-01

Ohio Revised Code Section 5705.09, requires each subdivision to establish the following fund: A Bond Retirement Fund, for the retirement of serial bonds, notes or certificates of indebtedness. The Village has issued bonds and notes in relation to a construction project on the municipal building. The retirement of this debt should be recorded in a Debt Service fund.

Client Response: We understand the citation but with the limited amount of payments left, we will keep recording the debt payments as we have done in the past.

FINDING NUMBER 2008-02

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of Clerk of the subdivision. The Clerk must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for 28.0% in 2008 of the expenditures tested.

The Clerk should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of Trustees against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the Village can issue then and now certificates for expenses up to \$3,000. Then and now certificates allow the Clerk to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk without subsequent authorization from the Trustees. However, then and now certificates issued by the Clerk over \$3,000, must be authorized by the Trustees within thirty days after payment.

Client Response: We agree with finding and will try to improve in the future.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2008**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-01	ORC 5705.09 Establishing a Debt Service Fund	No	Not Corrected; Included in current report as Finding 2008-01



Mary Taylor, CPA
Auditor of State

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 21, 2009**