

**VILLAGE OF JOHNSTOWN**

**AUDIT REPORT**

**JANUARY 1, 2001 - DECEMBER 31, 2002**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Johnstown  
P.O. Box 457  
Johnstown, OH 43031

We have reviewed the Independent Auditor's Report of the Village of Johnstown, Licking County, prepared by Wolfe, Wilson, & Phillips, Inc., for the audit period January 1, 2001 through December 31, 2002. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

May 21, 2003

**This Page is Intentionally Left Blank.**

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY  
JANUARY 1, 2001 - DECEMBER 31, 2002**

**TABLE OF CONTENTS**

Table of Contents	(i)
Independent Auditors' Report	1
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2002	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Balance - Proprietary Fund Type and Fiduciary Fund Type For the Year Ended December 31, 2002	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2001	4
Combined Statement of cash Receipts, Cash Disbursements, and Changes In Fund Balances - Proprietary Fund Type and Fiduciary Fund Type For the Year Ended December 31, 2001	5
Notes to the Financial Statements	6-12
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	13

**This Page is Intentionally Left Blank.**

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

**INDEPENDENT AUDITORS' REPORT**

Mayor and Village Council  
Village of Johnstown  
599 S. Main Street  
Johnstown, Ohio 43031

We have audited the accompanying financial statements of the Village of Johnstown, Licking County, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village of Johnstown'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 described in Note 1, the Village of Johnstown prepares its financial statements on the cash basis, which is a comprehensive basis of accounting prescribed or permitted by the Auditor of State, 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 combined fund cash balances and reserve for encumbrances of the Village of Johnstown, Licking county, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Wolfe, Wilson, & Phillips, Inc.**  
Zanesville, Ohio  
March 18, 2003

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>				
Property Tax and Other Local Taxes	\$ 925,240	\$ -	\$ -	\$ 925,240
Special Assessments	-	-	194	194
Intergovernmental Receipts	536,965	130,127	-	667,092
Charges for Services	15,438	-	-	15,438
Fines, Licenses, and Permits	245,514	3,663	-	249,177
Earnings on Investments	37,247	5,732	-	42,979
Miscellaneous	14,600	20	-	14,620
<b>Total Cash Receipts</b>	<u>1,775,004</u>	<u>139,542</u>	<u>194</u>	<u>1,914,740</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	643,794	15,078	-	658,872
Public Health Services	8,000	-	-	8,000
Leisure Time Activities	52,005	-	-	52,005
Community Environment	136,404	-	-	136,404
Transportation	8,500	142,823	-	151,323
General Government	360,363	4,700	-	365,063
Debt Service	-	-	926,805	926,805
Capital Outlay	-	57,430	873,683	931,113
<b>Total Cash Disbursements</b>	<u>1,209,066</u>	<u>220,031</u>	<u>1,800,488</u>	<u>3,229,585</u>
<b>Total Receipts Over/(Under) Disbursements</b>	565,938	(80,489)	(1,800,294)	(1,314,845)
<b>Other Financing Receipts/(Disbursements)</b>				
Proceeds of Notes	-	-	875,000	875,000
Sale of Fixed Assets	227,192	-	-	227,192
Transfer In	1,577	434,581	240,963	677,121
Transfer Out	(675,581)	-	-	(675,581)
Advance - In	-	36,215	-	36,215
Advance - Out	(36,215)	-	-	(36,215)
Other financing uses	(4,957)	-	-	(4,957)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(487,984)</u>	<u>470,796</u>	<u>1,115,963</u>	<u>1,098,775</u>
<b>Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>\$ 77,954</u>	<u>\$ 390,307</u>	<u>\$ (684,331)</u>	<u>\$ (216,070)</u>
<b>Fund Cash Balances, January 1, 2002</b>	<u>585,548</u>	<u>278,845</u>	<u>1,042,179</u>	<u>1,906,572</u>
<b>Fund Cash Balances, December 31, 2002</b>	<u>\$ 663,502</u>	<u>\$ 669,152</u>	<u>\$ 357,848</u>	<u>\$ 1,690,502</u>
<b>Reserve for Encumbrances, December 31, 2002</b>	<u>\$ 9,184</u>	<u>\$ 112</u>	<u>\$ 52,985</u>	<u>\$ 62,281</u>

See notes to financial statements.

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE AND FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,681,538	\$ -	\$ 1,681,538
Fines, Licenses, and Permits	-	50,270	50,270
Miscellaneous	4,059	-	4,059
<b>Total Operating Cash Receipts</b>	<u>1,685,597</u>	<u>50,270</u>	<u>1,735,867</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	262,797	-	262,797
Travel Transportation	89,367	-	89,367
Contractual Services	164,350	-	164,350
Supplies and Materials	125,151	-	125,151
Capital Outlay	1,290,037	-	1,290,037
Miscellaneous	28,892	52,735	81,627
<b>Total Operating Cash Disbursements</b>	<u>1,960,594</u>	<u>52,735</u>	<u>2,013,329</u>
Operating Income/(Loss)	<u>(274,997)</u>	<u>(2,465)</u>	<u>(277,462)</u>
<b>Non-Operating Cash Receipts:</b>			
Interest	6,175	-	6,175
Ohio Public Works Reimbursement	456,995	-	456,995
Note proceeds	388,710	-	388,710
Transfers - In	-	233	233
Other Non-operating Receipts	-	5,075	5,075
<b>Total Non-Operating cash Receipts</b>	<u>851,880</u>	<u>5,308</u>	<u>857,188</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-operating Cash Disbursements	-	7,273	7,273
Transfer - Out	196	1,577	1,773
Debt Service	696,061	-	696,061
<b>Total Non-Operating cash Disbursements</b>	<u>696,257</u>	<u>8,850</u>	<u>705,107</u>
<b>Net Receipts Over/(Under) Disbursements</b>	<u>(119,374)</u>	<u>(6,007)</u>	<u>(125,381)</u>
<b>Fund Cash Balances, January 1, 2002</b>	<u>2,028,705</u>	<u>37,670</u>	<u>2,066,375</u>
<b>Fund Cash Balances, December 31, 2002</b>	<u>\$ 1,909,331</u>	<u>\$ 31,663</u>	<u>\$ 1,940,994</u>
<b>Reserve for Encumbrances, December 31, 2002</b>	<u>\$ 150,060</u>	<u>\$ -</u>	<u>\$ 150,060</u>

See notes to financial statements.

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>				
Property Tax and Other Local Taxes	\$ 863,871	\$ -	\$ -	\$ 863,871
Special Assessments	-	-	2,564	2,564
Intergovernmental Receipts	133,693	122,369	-	256,062
Charges for Services	13,806	-	-	13,806
Fines, Licenses, and Permits	137,624	3,871	-	141,495
Earnings on Investments	64,309	11,044	-	75,353
Miscellaneous	17,664	67	-	17,731
<b>Total Cash Receipts</b>	<u>1,230,967</u>	<u>137,351</u>	<u>2,564</u>	<u>1,370,882</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	578,912	1,996	-	580,908
Public Health Services	7,591	-	-	7,591
Leisure Time Activities	45,658	-	-	45,658
Community Environment	129,108	-	-	129,108
Transportation	8,700	130,302	-	139,002
General Government	357,453	-	-	357,453
Debt Service	21,975	-	183,000	204,975
Capital Outlay	-	-	49,098	49,098
<b>Total Cash Disbursements</b>	<u>1,149,397</u>	<u>132,298</u>	<u>232,098</u>	<u>1,513,793</u>
<b>Total Receipts Over/(Under) Disbursements</b>	81,570	5,053	(229,534)	(142,911)
<b>Other Financing Receipts/(Disbursements)</b>				
Proceeds of Notes	-	-	900,000	900,000
Transfer In	-	-	146,080	146,080
Transfer Out	(169,575)	-	-	(169,575)
Other financing uses	(10,000)	-	-	(10,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(179,575)</u>	<u>-</u>	<u>1,046,080</u>	<u>866,505</u>
<b>Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>\$ (98,005)</u>	<u>\$ 5,053</u>	<u>\$ 816,546</u>	<u>\$ 723,594</u>
<b>Fund Cash Balances, January 1, 2001</b>	<u>683,553</u>	<u>273,792</u>	<u>225,633</u>	<u>1,182,978</u>
<b>Fund Cash Balances, December 31, 2001</b>	<u>\$ 585,548</u>	<u>\$ 278,845</u>	<u>\$ 1,042,179</u>	<u>\$ 1,906,572</u>
<b>Reserve for Encumbrances, December 31, 2001</b>	<u>\$ 9,854</u>	<u>\$ 10,738</u>	<u>\$ 50,685</u>	<u>\$ 71,277</u>

See notes to financial statements.

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE AND FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,458,415	\$ -	\$ 1,458,415
Fines, licenses, and permits	-	69,246	69,246
Miscellaneous	3,610	-	3,610
<b>Total Operating Cash Receipts</b>	<u>1,462,025</u>	<u>69,246</u>	<u>1,531,271</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	246,906	-	246,906
Travel Transportation	75,162	-	75,162
Contractual Services	153,783	-	153,783
Supplies and Materials	114,001	-	114,001
Capital Outlay	174,945	-	174,945
Miscellaneous	20,916	66,085	87,001
<b>Total Operating Cash Disbursements</b>	<u>785,713</u>	<u>66,085</u>	<u>851,798</u>
Operating Income/(Loss)	<u>676,312</u>	<u>3,161</u>	<u>679,473</u>
<b>Non-Operating Cash Receipts:</b>			
Interest	20,163	-	20,163
Note proceeds	370,000	-	370,000
Transfers - In	23,495	-	23,495
Other Non-operating Receipts	-	26,327	26,327
<b>Total Non-Operating cash Receipts</b>	<u>413,658</u>	<u>26,327</u>	<u>439,985</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-operating Cash Disbursements	-	6,178	6,178
Debt Service	254,908	-	254,908
<b>Total Non-Operating cash Disbursements</b>	<u>254,908</u>	<u>6,178</u>	<u>261,086</u>
<b>Net Receipts Over/(Under) Disbursements</b>	<u>835,062</u>	<u>23,310</u>	<u>858,372</u>
<b>Fund Cash Balances, January 1, 2001</b>	<u>1,193,643</u>	<u>14,360</u>	<u>1,208,003</u>
<b>Fund Cash Balances, December 31, 2001</b>	<u>\$ 2,028,705</u>	<u>\$ 37,670</u>	<u>\$ 2,066,375</u>
<b>Reserve for Encumbrances, December 31, 2001</b>	<u>\$ 45,067</u>	<u>\$ -</u>	<u>\$ 45,067</u>

See notes to financial statements.

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

**C. Cash and Investments**

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

**D. Fund Accounting**

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

**Governmental Funds**

**General Fund**

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

**Special Revenue Funds**

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

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**Special Revenue Funds (Continued)**

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

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

**Capital Projects Funds**

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

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

**Enterprise Funds**

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

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

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

**Fiduciary Funds**

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

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

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that the Village budget annually.

**Appropriations**

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

**Estimated Resources**

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

**Encumbrances**

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

A summary of budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Unpaid vacation and Sick Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	<u>2002</u>	<u>2001</u>
Demand Deposits	\$ 1,490,561	\$ 2,234,898
Total Deposits	<u>1,490,561</u>	<u>2,234,898</u>
STAR Ohio	2,140,935	1,738,049
Total deposits and investments	<u>\$ 3,631,496</u>	<u>\$ 3,972,947</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2002 and 2001 is as follows:

**2002 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,305,383	\$ 2,003,773	\$ 698,390
Special Revenue	126,600	574,123	447,523
Capital Projects	1,090,000	1,116,157	26,157
Enterprise	1,273,500	2,537,477	1,263,977
Fiduciary	80,200	55,578	(24,622)
Total	<u>\$ 3,875,683</u>	<u>\$ 6,287,108</u>	<u>\$ 2,411,425</u>

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 2,255,999	\$ 1,889,604	\$ 366,395
Special Revenue	427,603	220,031	207,572
Capital Projects	1,955,885	1,800,488	155,397
Enterprise	3,440,305	2,656,851	783,454
Fiduciary	104,704	61,585	43,119
Total	<u>\$ 8,184,496</u>	<u>\$ 6,628,559</u>	<u>\$ 1,555,937</u>

**2001 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,173,000	\$ 1,230,967	\$ 57,967
Special Revenue	124,300	137,351	13,051
Capital Projects	340,000	1,048,644	708,644
Enterprise	1,125,700	1,875,683	749,983
Fiduciary	79,200	95,573	16,373
Total	<u>\$ 2,842,200</u>	<u>\$ 4,388,218</u>	<u>\$ 1,546,018</u>

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2001 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,873,093	\$ 1,328,972	\$ 544,121
Special Revenue	391,799	132,298	259,501
Capital Projects	552,000	232,098	319,902
Enterprise	2,265,955	1,040,621	1,225,334
Fiduciary	83,600	72,263	11,337
Total	\$ 5,166,447	\$ 2,806,252	\$ 2,360,195

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2002 and 2001 was as follows:

	2002		2001	
	Principal	%	Principal	%
Ohio Water Development Authority Loans	\$ 389,082	4.7	\$ -	9.0
Mortgage Revenue Refunding Bonds	2,410,000	7.0	2,510,000	7.0
Ohio Public Works Commission Loan	940,905	0.0	634,627	0.0
G.O. Bond Anticipation Notes	875,000	2.0	1,270,000	5.0
Lease Purchase Agreement	36,533		60,098	
Total	\$ 4,651,520		\$ 4,474,725	

The Ohio Public Works Commission (OPWC) loans relate to water and sewer plant expansion projects that were mandated by the Ohio Environmental Protection Agency. OWDA and OPWC approved up to \$1,238,864 in loans to the Village for these projects. The loans will be repaid in semiannual installments, interest free, over 20 years.

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

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**5. DEBT (Continued)**

The Ohio water Development Authority (OWDA) loans relates to the design, planning, and construction of a new water storage tank.

On August 29, 2002, The Village issued Waterworks System Improvement Bond Anticipation Notes for the purpose of improving the waterworks system. The debt issues will be retired with utility revenues. This note is payable on August 28, 2003.

**Lease Purchase Agreements**

On September 13, 2001, the Village entered into a lease purchase agreement in the amount of \$24,328, for a 2002 Ford Crown Victoria Police Sedan. As of December 31, 2002, \$8,097 was left to be paid on September 20, 2003.

On May 3, 2001, the Village entered into a lease-purchase agreement in the amount of \$29,699 for 2001 Ford Galion Dump Body. As of December 31, 2002, \$10,225 was left to be paid in equal payments of \$5,378 on May 2, 2003 and November 3, 2003.

On September 27, 2002, the Village entered into a lease-purchase agreement in the amount of \$22,214 for a 2003 Ford Crown Victoria Police Sedan. As of December 31, 2002, \$18,209 was left to be paid in equal payments of \$4,005 on March 27 and September 27 for 2003 and 2004. The final payment is to be paid on March 27, 2005.

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

Year ending December 31	OWDA Loans	OPWC Loan	Mortgage Bonds
2003	\$ 27,969	\$ 61,224	\$ 244,390
2004	27,969	61,224	248,983
2005	27,969	61,224	247,945
2006	27,969	61,224	246,525
2007	27,969	61,224	244,775
Subsequent	599,200	634,785	2,462,820
	<u>\$ 739,045</u>	<u>\$ 940,905</u>	<u>\$3,695,438</u>

**6. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PFDPF contributed 10% of their wages to PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 10.84% of their gross salaries. The Village contributed an amount equal to 13.55% of participants gross salaries. The Village has paid all contributions required through December 31, 2002.

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- \* Comprehensive property and general liability.
- \* Vehicles
- \* Errors and Omissions

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

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

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENT PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Mayor and Village Council  
Village of Johnstown  
599 S. Main Street  
Johnstown, Ohio 43031

We have audited the financial statements of The Village of Johnstown as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 18, 2003. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Village of Johnstown's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We have noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Johnstown in a separate letter dated March 18, 2003.

**Internal Control Over Financing Reporting**

In planning and performing our audit, we considered the Village of Johnstown's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the Village of Johnstown in a separate letter dated March 18, 2003.

This report is intended for the information of the Mayor, Village Administrator, Clerk, Council and the 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  
March 18, 2003

**This Page is Intentionally Left Blank.**



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
JUNE 5, 2003**