



**Auditor of State  
Betty Montgomery**



VILLAGE OF JEWETT  
HARRISON COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Jewett  
Harrison County  
PO Box 192  
Jewett, Ohio 43986-0192

To the Village Council:

We have audited the accompanying financial statements of the Village of Jewett, Harrison County (the Village) as of and for the years ended December 31, 2002 and December 31, 2001. 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 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Jewett, Harrison 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 our report dated May 20, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 20, 2003

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
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 Local Taxes	\$15,987	\$21,832		\$37,819
Municipal Income Tax	37,526			37,526
Intergovernmental Receipts	30,478	40,587	\$12,109	83,174
Charges for Services		500		500
Fines, Licenses, and Permits	485			485
Earnings on Investments	3,988			3,988
Miscellaneous	7,040	265		7,305
	<u>95,504</u>	<u>63,184</u>	<u>12,109</u>	<u>170,797</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	34,639	2,835		37,474
Public Health Services	287			287
Leisure Time Activities	25	2,493		2,518
Basic Utility Services	350			350
Transportation		29,936		29,936
General Government	47,467	865		48,332
Debt Service		5,326		5,326
Capital Outlay	70	14,669	12,109	26,848
	<u>82,838</u>	<u>56,124</u>	<u>\$12,109</u>	<u>151,071</u>
<b>Total Cash Disbursements</b>				
<b>Total Receipts Over/(Under) Disbursements</b>	<u>12,666</u>	<u>7,060</u>		<u>19,726</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Assets	3,500			3,500
	<u>3,500</u>			<u>3,500</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	16,166	7,060		23,226
<b>Fund Cash Balances, January 1</b>	<u>22,714</u>	<u>8,324</u>		<u>31,038</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$38,880</b></u>	<u><b>\$15,384</b></u>		<u><b>\$54,264</b></u>

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

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH  
DISBURSEMENTS, AND CHANGES IN FUND CASH  
BALANCES - PROPRIETARY AND SIMILAR 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	\$212,584		\$212,584
Miscellaneous	18,105		18,105
Total Operating Cash Receipts	<u>230,689</u>		<u>230,689</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	44,605		44,605
Contractual Services	57,180		57,180
Supplies and Materials	19,577		19,577
Total Operating Cash Disbursements	<u>121,362</u>		<u>121,362</u>
Operating Income/(Loss)	<u>109,327</u>		<u>109,327</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	3,360		3,360
Total Non-Operating Cash Receipts	<u>3,360</u>		<u>3,360</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	98,729		98,729
Other Non-Operating Cash Disbursements	2,724		2,724
Total Non-Operating Cash Disbursements	<u>101,453</u>		<u>101,453</u>
Net Receipts Over/(Under) Disbursements	11,234		11,234
Fund Cash Balances, January 1	<u>152,450</u>	<u>\$45</u>	<u>152,495</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$163,684</u></b>	<b><u>\$45</u></b>	<b><u>\$163,729</u></b>

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



**VILLAGE OF JEWETT  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
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	\$14,347	\$20,777		\$35,124
Municipal Income Tax	36,868			36,868
Intergovernmental Receipts	35,102	23,638	\$56,150	114,890
Charges for Services		875		875
Fines, Licenses, and Permits	1,000			1,000
Earnings on Investments	1,956			1,956
Miscellaneous	4,446	340		4,786
<b>Total Cash Receipts</b>	<u>93,719</u>	<u>45,630</u>	<u>56,150</u>	<u>195,499</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	38,952	3,615		42,567
Leisure Time Activities	346	4,624		4,970
Basic Utility Services	800			800
Transportation		46,915		46,915
General Government	46,468	2,539		49,007
Debt Payments	2,298	5,503		7,801
Capital Outlay	17,680		56,150	73,830
<b>Total Cash Disbursements</b>	<u>106,544</u>	<u>63,196</u>	<u>56,150</u>	<u>225,890</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(12,825)</u>	<u>(17,566)</u>		<u>(30,391)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-Out			(10,110)	(10,110)
<b>Total Other Financing Receipts/(Disbursements)</b>			<u>(10,110)</u>	<u>(10,110)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(12,825)</u>	<u>(17,566)</u>	<u>(10,110)</u>	<u>(40,501)</u>
<b>Fund Cash Balances, January 1</b>	<u>35,539</u>	<u>25,890</u>	<u>\$10,110</u>	<u>71,539</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$22,714</u></u>	<u><u>\$8,324</u></u>		<u><u>\$31,038</u></u>

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

**VILLAGE OF JEWETT  
HARRISON COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$209,310		\$209,310
Miscellaneous	6,181		6,181
Total Operating Cash Receipts	<u>215,491</u>		<u>215,491</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	34,169		34,169
Employee Fringe Benefits	8,211		8,211
Contractual Services	25,944		25,944
Supplies and Materials	43,905		43,905
Capital Outlay	1,930		1,930
Miscellaneous	3,476		3,476
Total Operating Cash Disbursements	<u>117,635</u>		<u>117,635</u>
Operating Income/(Loss)	<u>97,856</u>		<u>97,856</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	3,295		3,295
Total Non-Operating Cash Receipts	<u>3,295</u>		<u>3,295</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	71,032		71,032
Other Non-Operating Cash Disbursements	1,194		1,194
Total Non-Operating Cash Disbursements	<u>72,226</u>		<u>72,226</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	28,925		28,925
Transfers-In	10,110		10,110
Net Receipts Over/(Under) Disbursements	39,035		39,035
Fund Cash Balances, January 1	113,415	\$45	113,460
<b>Fund Cash Balances, December 31</b>	<b><u>\$152,450</u></b>	<b><u>\$45</u></b>	<b><u>\$152,495</u></b>

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

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Jewett, Harrison County (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 six-member Council. The Village provides general governmental services, including street maintenance and repair, water and sewer utilities, park operations (leisure time activities) and police protection. The Village contracts with the Jewett Volunteer Fire Department for fire protection.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

Certificates of deposit are valued at cost.

**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:

**1. General Fund**

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

**2. Special Revenue Fund**

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

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

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**3. Capital Project Fund**

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

*Issue II Capital Improvement Fund* - This fund receives proceeds from Issue II grants. The proceeds are used for capital improvements within the village.

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

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

**5. Fiduciary Fund (Agency Fund)**

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

*Unclaimed Money Fund* - This fund is used to account for unclaimed money in the form of outstanding checks not cashed.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year. The Village did not encumber all commitments as required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Sick and Vacation Leave**

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

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

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

	2002	2001
Demand deposits	\$191,759	\$160,314
Certificates of deposit	26,234	23,219
Total deposits	\$217,993	\$183,533

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,534	\$99,004	\$43,470
Special Revenue	61,814	63,184	1,370
Capital Projects	5,102	12,109	7,007
Enterprise	326,990	234,049	(92,941)
Total	\$449,440	\$408,346	(\$41,094)

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,222	\$82,838	\$2,384
Special Revenue	67,873	56,124	11,749
Capital Projects	0	12,109	(12,109)
Enterprise	404,536	222,815	181,721
Total	<u>\$557,631</u>	<u>\$373,886</u>	<u>\$183,745</u>

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,423	\$93,719	\$2,296
Special Revenue	47,821	45,630	(2,191)
Capital Projects	5,255	56,150	50,895
Enterprise	354,897	228,896	(126,001)
Total	<u>\$499,396</u>	<u>\$424,395</u>	<u>(\$75,001)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$152,358	\$106,544	\$45,814
Special Revenue	84,831	63,196	21,635
Capital Projects	7,097	66,260	(59,163)
Enterprise	290,591	189,861	100,730
Total	<u>\$534,877</u>	<u>\$425,861</u>	<u>\$109,016</u>

Contrary to Ohio Revised Code § 5705.41(B), the following funds had expenditures, which exceeded the amounts appropriated.

Fund	Expenditures	Appropriations	Variance
<b>2002</b>			
Issue II	\$12,109	\$0	\$(12,109)
<b>2001</b>			
Street Construction, Maintenance & Repair	\$29,434	\$23,525	\$(5,909)
Issue II	\$56,150	\$1,996	\$(54,154)
Sewer Revenue	\$123,196	\$104,268	\$(18,928)

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio Revised Code § 5705.39, Appropriations exceeded the amount certified as available by the budget commission in the following funds.

Fund	Appropriations	Estimated Revenue	Variance
<b>2002</b>			
General	\$85,222	\$78,248	\$(6,974)
Water Revenue	\$128,541	\$109,094	\$(19,447)
<b>2001</b>			
General	\$152,358	\$126,962	\$(25,396)
Street Construction, Maintenance & Repair	\$23,325	\$26,021	\$(2,496)
Parks and Recreation	\$17,116	\$5,449	\$(11,667)
Permissive Motor Vehicle License	\$8,000	\$1,780	\$(9,806)
Fire Levy	\$5,900	\$6,857	\$(957)
Street Levy	\$27,590	\$15,072	\$(12,518)

**4. PROPERTY TAX**

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

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

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Waterline Loan	\$86,092	7.60%
Sanitary Sewer System Mortgage Revenue Bond Series A 1999	1,434,100	3.25%
Sanitary Sewer System Mortgage Revenue Bond Series B 1999	123,300	3.25%
Truck Lease	25,379	5.80%
Total	\$1,668,871	

The Waterline Loan relates to start up costs associated with the new water/sewer project. The original loan amount was \$156,000 dated September 30, 1994. The loan is collateralized by water and sewer receipts. This loan is payable in installments of \$1,464.27 per month until paid in full. The maturity date is October 1, 2009.

The Sewer System Mortgage Revenue Bonds were used to pay part of the cost of certain improvements to the sanitary sewer system of the Village. The original bond amounts were \$1,454,000 and \$125,000 dated October 26, 1999. The bonds are to be paid off in annual installments from 2002 to 2039. The bonds are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

The truck lease relates to the lease of a dump truck which is used by the street department, the water department and the sewer department. The lease is secured by the Village's taxing authority and by future water and sewer receipts.

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

	Waterline Loan	Mortgage Revenue Bonds	Truck Lease
Year ending December 31:			
2003	\$17,571	\$73,015	\$8,206
2004	17,571	72,888	8,206
2005	17,571	73,040	8,206
2006	17,571	72,863	3,419
2007	17,571	73,067	
Subsequent	20,200	2,334,557	
Total	\$108,055	\$2,699,430	\$28,037

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officer belongs 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.



VILLAGE OF JEWETT  
HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)

7. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. For 2002 and 2001, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

**Risk Pool Membership**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2001 and 2000 generally protect against individual losses exceeding \$100,000 (\$150,000 for policies issued prior to April 1, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2001 and 2000: (This is the most current information available.)

	<u>2001</u>	<u>2000</u>
Assets	\$3,354,251	\$2,958,827
Liabilities	<u>(4,851,866)</u>	<u>(3,863,373)</u>
Retained earnings	<u>(\$1,497,615)</u>	<u>(\$904,546)</u>

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**Auditor of State  
Betty Montgomery**

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

Village of Jewett  
Harrison County  
PO Box 192  
Jewett, Ohio 43986-0192

To the Village Council:

We have audited the accompanying financial statements of the Village of Jewett, Harrison County (the Village) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated May 20, 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's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2002-001 through 2002-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 20, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 20, 2003.

Village of Jewett  
Harrison County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 20, 2003

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-001**

**Ohio Revised Code § 5705.41(B)** prohibits a subdivision from making expenditure unless it has been properly appropriated.

The following funds had expenditures, which exceeded the amounts appropriated.

Fund	Expenditures	Appropriations	Variance
<b>2002</b>			
Issue II	\$12,109	\$0	\$(12,109)
<b>2001</b>			
Street Construction, Maintenance & Repair	\$29,434	\$23,525	\$(5,909)
Issue II	\$56,150	\$1,996	\$(54,154)
Sewer Revenue	\$123,196	\$104,268	\$(18,928)

The Village Clerk/Treasurer should monitor expenditures (disbursements plus encumbrances) throughout the year and establish procedures to ensure expenditures are limited to total fund appropriations. The Clerk/Treasurer should approach Council to request amendments to the original appropriations as necessary.

**FINDING NUMBER 2002-002**

**Ohio Revised Code § 5705.41 (D)** provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirement:

- A. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars (\$1,000) the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

The Village did not certify or record the amount against the applicable appropriation accounts for 36% of tested expenditures made in 2002 and for 71% of tested expenditures made in 2001. The Village did not utilize the certification exceptions described above for those expenditures lacking prior or simultaneous certification.

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. The Village should obtain approved purchase orders which include the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making the commitment.

**FINDING NUMBER 2002-003**

**Ohio Revised Code § 5705.39** prohibits a political subdivision from making a fund appropriation in excess of the total estimated revenue available for expenditure from that fund as certified by the budget commission on the Amended Official Certificates of Estimated Resources.

Appropriations exceeded the amount certified as available by the budget commission during 2002 in the following funds.

Fund	Appropriations	Estimated Resources	Variance
<b>2002</b>			
General	\$85,222	\$78,248	\$(6,974)
Water Revenue	\$128,541	\$109,094	\$(19,447)
<b>2001</b>			
General	\$152,358	\$126,962	\$(25,396)
Street Construction, Maintenance & Repair	\$23,325	\$26,021	\$(2,496)
Parks and Recreation	\$17,116	\$5,449	\$(11,667)
Permissive Motor Vehicle License	\$8,000	\$1,780	\$(9,806)
Fire Levy	\$5,900	\$6,857	\$(957)
Street Levy	\$27,590	\$15,072	\$(12,518)

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative cash balances. The Village should compare appropriations to estimated resources and if adequate resources are available for additional appropriations, the Village should request an amended certificate of estimated resources to the budget commission

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-31234-001	ORC 5705.41(B) Disbursements exceeded appropriations	No	Cited again as Finding Number 2002-001
2000-31234-002	ORC 5705.41(D) Disbursements were not properly certified.	No	Cited again as Finding Number 2002-002







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**VILLAGE OF JEWETT**

**HARRISON 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 8, 2003**