



Mary Taylor, CPA
Auditor of State

VILLAGE OF JEWETT
HARRISON COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Jewett
Harrison County
P.O. Box 192
110 West Main Street
Jewett, Ohio 43986-0192

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

December 5, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Jewett
Harrison County
P.O. Box 192
110 West Main Street
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 year ended December 31, 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Village of Jewett, Harrison County, as of December 31, 2005, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2007, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

December 5, 2007

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, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$19,132	\$24,006		\$43,138
Municipal Income Tax	56,034			56,034
Intergovernmental	34,593	72,195		106,788
Fines, Licenses and Permits	4,320			4,320
Earnings on Investments	2,230	210		2,440
Miscellaneous	1,155	6,126		7,281
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	117,464	102,537		220,001
Cash Disbursements:				
Current:				
Security of Persons and Property	35,191	5,199		40,390
Leisure Time Activities		4,934		4,934
Community Environment		11,643		11,643
Basic Utility Service		5,339	\$4,781	10,120
Transportation		64,136		64,136
General Government	55,920			55,920
Debt Service:				
Redemption of Principal	1,227	2,135		3,362
Interest and Fiscal Charges	130	409	567	1,106
Capital Outlay	8,077	14,913	7,331	30,321
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	100,545	108,708	12,679	221,932
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	16,919	(6,171)	(12,679)	(1,931)
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes	7,600		10,348	17,948
Other Financing Sources	1,872	24		1,896
Other Financing Uses	(177)	(5,003)		(5,180)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	9,295	(4,979)	10,348	14,664
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	26,214	(11,150)	(2,331)	12,733
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	62,548	35,857	2,731	101,136
Fund Cash Balances, December 31	<hr/> \$88,762 <hr/>	<hr/> \$24,707 <hr/>	<hr/> \$400 <hr/>	<hr/> \$113,869 <hr/>

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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$196,948		\$196,948
Total Operating Cash Receipts	196,948		196,948
Operating Cash Disbursements:			
Personal Services	49,910		49,910
Employee Fringe Benefits	7,652		7,652
Contractual Services	34,683		34,683
Supplies and Materials	29,911		29,911
Other	9,041		9,041
Total Operating Cash Disbursements	131,197		131,197
Operating Income/(Loss)	65,751		65,751
Non-Operating Cash Receipts:			
Earnings on Investments	4		4
Other Non-Operating Cash Receipts	1,165		1,165
Total Non-Operating Cash Receipts	1,169		1,169
Non-Operating Cash Disbursements:			
Capital Outlay	5,373		5,373
Redemption of Principal	43,237		43,237
Interest and Other Fiscal Charges	52,614		52,614
Total Non-Operating Cash Disbursements	101,224		101,224
Net Receipts Over/(Under) Disbursements	(34,304)		(34,304)
Fund Cash Balances, January 1	118,542	\$45	118,587
Fund Cash Balances, December 31	<u>\$84,238</u>	<u>\$45</u>	<u>\$84,283</u>

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, 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Jewett, Harrison County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with the Jewett Volunteer Fire Department to receive fire protection services. The Village appropriates general fund money to help support the volunteer fire department.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit, at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

**VILLAGE OF JEWETT
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

FEMA # 3 Fund – This fund receives federal grant money to aid the Village in recovering from a recent disaster.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

OWDA – Sewer Project – This fund receives proceeds of a loan from the Ohio Water Development Authority. The proceeds are being used to complete planning for a sewer system.

OWDA – Fresh Water Project – This fund receives proceeds of a loan from the Ohio Water Development Authority. The proceeds are being used to complete a water system design.

4. Enterprise Funds

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

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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 disburses these funds as directed by the individual, organization or other government. The Village's Agency Fund accounts for unclaimed monies (outstanding checks not cashed) of the Village.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

VILLAGE OF JEWETT
HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 Village 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.

3. Encumbrances

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

A summary of 2005 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005
Demand deposits	\$5,470
Certificates of deposit	90,417
Total deposits	95,887
STAR Ohio	102,265
Total investments	102,265
Total deposits and investments	\$198,152

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF JEWETT
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

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

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 ending December 31, 2005 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$74,861	\$126,936	\$52,075
Special Revenue	38,382	102,561	64,179
Capital Projects	11,119	10,348	(771)
Enterprise	252,490	198,117	(54,373)
Total	\$376,852	\$437,962	\$61,110

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$115,156	\$100,722	\$14,434
Special Revenue	135,371	113,711	21,660
Capital Projects	23,881	12,679	11,202
Enterprise	356,484	232,421	124,063
Total	\$630,892	\$459,533	\$171,359

Contrary to Ohio Revised Code Section 5705.39, appropriations exceeded total estimated resources in the Street Construction, Maintenance and Repair Fund, the State Highway Fund, the FEMA # 1 Fund, the FEMA #3 Fund and the CWDA Capital Project Fund by \$9,509, \$2,000, \$3,492, \$40,000 and \$3,881, respectively.

4. PROPERTY TAX

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

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.

**VILLAGE OF JEWETT
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one 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.

6. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Waterline Loan	\$49,703	5.50%
Sewer Mortgage Revenue Bond Series A	1,370,300	3.25%
Sewer Mortgage Revenue Bond Series B	117,800	3.25%
Truck Lease	2,032	5.80%
Ohio Water Development Authority Loan # 3880	25,000	0.00%
Ohio Water Development Authority Loan # 4251	5,348	5.00%
Police Cruiser Loan	6,373	4.44%
Total	\$1,576,556	

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 \$1,256.96 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. This final payment will be made in 2006.

The Ohio Water Development Authority (OWDA) loan #3880 was for the planning of a water project. The loan of \$25,000 will be repaid in annual installments of \$2,500 over a ten year period with zero percent interest. The first payment is due July 2006, with the final payment due July 1, 2015. The loan is collateralized by water receipts.

The OWDA loan #4251 was for the water system design. A balloon payment is due on July 1, 2010 for the entire loan balance. The interest rate on this loan is 5%. The Village was approved to borrow \$150,800 and to date has drawn down \$5,307 and accrued \$41 in capitalized interest. The amount borrowed is collateralized by water receipts.

The Police Cruiser was purchased to replace the cruiser that the Village owned. The original loan amount was \$7,600, dated July 25, 2005. The loan is to be paid from the General Fund. This loan is payable in monthly installments of \$226.07, until paid in full at July 20, 2008.

**VILLAGE OF JEWETT
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

6. DEBT - (Continued)

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

Year Ending December 31	Waterline Loan	Mortgage Revenue Bonds	Truck Lease	OWDA Loans	Police Cruiser
2006	\$15,084	\$72,863	\$2,052	\$2,500	\$2,713
2007	15,084	73,067		2,500	2,713
2008	15,084	72,838		2,500	1,582
2009	11,313	73,090		2,500	
2010		72,906		7,848	
2011 – 2015		364,808		12,500	
2016 – 2020		364,806			
2021 – 2025		364,776			
2026 – 2030		364,812			
2031 – 2035		364,768			
2036 – 2040		218,755			
Total	<u>\$56,565</u>	<u>\$2,407,489</u>	<u>\$2,052</u>	<u>\$30,348</u>	<u>\$7,008</u>

7. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005, OPERS members contributed 8.5% of their gross salaries and the Village contributed an amount equaling 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

8. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

VILLAGE OF JEWETT
HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)

8. RISK MANAGEMENT – (Continued)

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, 2005 and 2004.

	<u>2005</u>	<u>2004</u>
Assets	\$ 2,241,661	\$ 2,309,178
Liabilities	<u>(3,457,720)</u>	<u>(3,343,299)</u>
Accumulated deficit	<u>(\$1,216,059)</u>	<u>(\$1,034,121)</u>

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Mary Taylor, CPA

Auditor of State

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

Village of Jewett
Harrison County
P.O. Box 192
110 West Main Street
Jewett, Ohio 43986-0192

To the Village Council:

We have audited the financial statements of the Village of Jewett (the Village) as of and for the year ended December 31, 2005, and have issued our report thereon dated December 5, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated December 5, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 and 2005-002. In a separate letter to the Village's management dated December 5, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Village Council. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 5, 2007

VILLAGE OF JEWETT
HARRISON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Revised Code Section 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.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41(D) (3), respectively of the Ohio Revised Code.

1. **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 the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village 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.

If the amount involved is less than \$3,000 the Clerk/Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Village Council if such expenditure is otherwise valid.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates 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 the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extent beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Village did not properly certify or record the amount against the applicable appropriation accounts for 77% of tested expenditures. The Village did not utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending in negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Clerk/Treasurer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Village should certify purchases to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires authorizing disbursements. The Clerk/Treasurer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Clerk/Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2005-002

Noncompliance Citation

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

During 2005, the following funds had appropriations which exceeded total estimated resources:

FUND NAME	TOTAL ESTIMATED RESOURCES	APPROPRIATIONS	VARIANCE
Street Construction, Maintenance and Repair Fund	\$23,356	\$32,865	(\$9,509)
State Highway Fund	4,532	6,532	(2,000)
FEMA Fund # 1	8,308	11,800	(3,492)
FEMA Fund # 3		40,000	(40,000)
OWDA Capital Project Fund	20,000	23,881	(3,881)

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative cash balances. The Village Clerk/Treasurer should compare appropriations to estimated resources and if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Village Council to reduce the appropriations.

Officials' Response

We did not receive a response from officials to the findings reported above.

**VILLAGE OF JEWETT
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	ORC Section 5705.41 (D) Disbursements were not properly certified.	No	Cited again as Finding number 2005-001.
2004-002	ORC Section 5705.41 (B) Disbursements exceeded appropriations.	Yes	
2004-003	ORC Section 5705.39 Appropriations exceeded total available resources.	No	Cited again as Finding number 2005-002.
2004-004	Receipts and disbursements were not properly coded and classified.	No	Reported in the Management Letter.



Mary Taylor, CPA
Auditor of State

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
MARCH 20, 2008