

VILLAGE OF JOHNSTOWN
AUDIT REPORT
JANUARY 1, 2018 - DECEMBER 31, 2019

Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Johnstown
599 South Main Street
Johnstown, Ohio 43031

We have reviewed the *Independent Auditors' Report* of the Village of Johnstown, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 4, 2020

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**VILLAGE OF JOHNSTOWN
LICKING COUNTY
JANUARY 1, 2018 - DECEMBER 31, 2019**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of Johnstown
Licking County
599 S. Main Street
Johnstown, Ohio 43031

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Johnstown, Licking County, as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Johnstown as of December 31, 2019 and 2018, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type and the related notes of Village of Johnstown, Licking County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the 2019 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 3, 2020, on our consideration of the Village of Johnstown'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. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 3, 2020

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 253,407	\$ -	\$ -	\$ -	\$ 253,407
Municipal Income Tax	2,127,142	-	-	-	2,127,142
Intergovernmental Receipts	84,530	375,055	-	-	459,585
Charges for Services	295	-	-	-	295
Fines, Licenses, and Permits	210,293	39,279	-	-	249,572
Earnings on Investments	34,785	-	-	-	34,785
Miscellaneous	53,737	-	-	25,925	79,662
Total Cash Receipts	<u>2,764,189</u>	<u>414,334</u>	<u>-</u>	<u>25,925</u>	<u>3,204,448</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,114,253	8,428	-	-	1,122,681
Public Health Services	18,147	-	-	-	18,147
Leisure Time Activities	22,232	-	-	-	22,232
Community Environment	80,047	-	-	-	80,047
Basic Utility Service	26,486	-	-	-	26,486
Transportation	3,168	278,149	-	-	281,317
General Government	774,500	17,580	-	-	792,080
Debt Service					
Principal	-	-	204,796	-	204,796
Interest	-	-	84,327	-	84,327
Capital Outlay	-	70,000	-	595,595	665,595
Total Cash Disbursements	<u>2,038,833</u>	<u>374,157</u>	<u>289,123</u>	<u>595,595</u>	<u>3,297,708</u>
Total Receipts Over/(Under) Disbursements	725,356	40,177	(289,123)	(569,670)	(93,260)
Other Financing Receipts/(Disbursements)					
Transfers - In	-	117,466	274,000	364,106	755,572
Debt Proceeds	94,000	-	-	217,079	311,079
Transfers - Out	(733,606)	(18,966)	-	-	(752,572)
Total Other Financing Receipts/(Disbursements)	(639,606)	98,500	274,000	581,185	314,079
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements					
	85,750	138,677	(15,123)	11,515	220,819
Fund Cash Balances, January 1, 2019	<u>207,724</u>	<u>501,816</u>	<u>49,365</u>	<u>297,990</u>	<u>1,056,895</u>
Fund Cash Balances, December 31, 2019					
Assigned	-	383,980	-	-	383,980
Restricted	26,756	256,513	34,242	309,505	627,016
Unassigned (Deficit)	266,718	-	-	-	266,718
Fund Cash Balances, December 31, 2019	<u>\$ 293,474</u>	<u>\$ 640,493</u>	<u>\$ 34,242</u>	<u>\$ 309,505</u>	<u>\$ 1,277,714</u>

See notes to financial statements.

**VILLAGE OF JOHNSTOWN
LICKING 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, 2019**

	Proprietary	Fiduciary	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$ 3,036,470	\$ -	\$ 3,036,470
Total Operating Cash Receipts	3,036,470	-	3,036,470
Operating Cash Disbursements:			
Personal Services	468,283	-	468,283
Employee Fringe Benefits	178,425	-	178,425
Contractual Services	279,271	-	279,271
Supplies and Materials	419,859	-	419,859
Other	38,472	-	38,472
Total Operating Cash Disbursements	1,384,310	-	1,384,310
Operating Income/(Loss)	1,652,160	-	1,652,160
Non-Operating Cash Receipts:			
Other Non-operating Receipts	94,813	80,851	175,664
Total Non-Operating Cash Receipts	94,813	80,851	175,664
Non-Operating Cash Disbursements:			
Other Non-operating Cash Disbursements	-	83,704	83,704
Debt Service-Principal	372,914	-	372,914
Debt Service-Interest	88,805	-	88,805
Capital Outlay	150,425	-	150,425
Total Non-Operating Cash Disbursements	612,144	83,704	695,848
Transfers Out	(3,000)	-	(3,000)
Net Receipts Over/(Under) Disbursements	1,131,829	(2,853)	1,128,976
Fund Cash Balances, January 1,	4,483,437	17,486	4,500,923
Fund Cash Balances, December 31	\$ 5,615,266	\$ 14,633	\$ 5,629,899

See notes to financial statements.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Johnstown, Licking County, (the Village) as a body corporate and politic. A publicly-elected seven-member Council directs the Village. The Village provides general government, including water and sewer utilities, street maintenance, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

The General fund is the operating fund. It is used to account 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 that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

Debt Service Funds

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

Debt Service Fund – This fund accounts for resources the Village accumulated to pay bond and note debt.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Fund:

Capital Projects Fund - This fund receives transfers from the general fund and intergovernmental monies that are used for construction of and improvements to the Village.

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

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 had the following significant Fiduciary Fund:

Mayors Court Fund - This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Budgetary Process

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

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

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.

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2019 is as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,626,000	\$ 2,858,189	\$ 232,189
Special Revenue	525,119	531,800	6,681
Debt Service	274,000	274,000	-
Capital Projects	415,925	607,110	191,185
Enterprise	2,318,650	3,131,283	812,633
Total	<u>\$ 6,159,694</u>	<u>\$ 7,402,382</u>	<u>\$ 1,242,688</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,889,618	\$ 2,772,439	\$ 117,179
Special Revenue	457,181	393,123	64,058
Debt Service	319,000	289,123	29,877
Capital Projects	713,500	595,595	117,905
Enterprise	3,282,788	1,999,454	1,283,334
Total	<u>\$ 7,662,087</u>	<u>\$ 6,049,734</u>	<u>\$ 1,612,353</u>

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

4. 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:

	<u>2019</u>
Demand Deposits	\$ 5,768,724
Certificates of Deposit	<u>1,138,889</u>
Total Deposits	<u>\$ 6,907,613</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20.

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

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.00 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.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and Omissions

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

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants, in 2019, contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer's wages. The Village has paid all contributions required through December 31, 2019.

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019, OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

10. DEBT

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>%</u>
2016 OPWC CQ17T	91,568	0.0
2016 OPWC CQ24S	293,494	0.0
2011 OPWC CQ28M	17,351	0.0
2010 OPWC CT57L	37,282	0.0
2007 OPWC CQ08U	48,801	0.0
2005 OPWC CQ02G	30,000	0.0
2019 OPWC CQ35W	217,079	0.0
2019 Police Cruiser Loan	94,000	4.50
2017 Street Improvement Bonds	1,275,000	3.21
2017 Sewer Improvement Bonds	750,000	3.22
2017 Water Improvement Bonds	270,000	3.22
2017 Land Purchase Bonds	175,000	4.18
OPWC Loan CQ02E	61,250	0.0
2015 Street Improvement Bonds	1,045,000	3.41
2002 OWDA 3705	216,019	4.64
2004 OWDA 4098	1,812,067	2.22
Total	<u>\$ 6,433,911</u>	

The 2002 Ohio Water Development Authority (OWDA) loan relates to the design, planning and construction of a new water storage tank. In 2004 an additional loan was entered into for the purpose of improvements to the wastewater treatment plant. Funds have been approved in the amount of \$5,593,700.

The Village issued \$1,290,000 in Street Improvement General Obligation Bonds during 2015 with an interest rate of 3.41% with stated final maturity in December 2032.

The Village has participated in several other State Capital Improvements Programs offered by the Ohio Public Works Commission. These are all 0% interest loans that will be paid semi-annually by the Village of a period ranging from 5-30 years. These are associated with the replacements of water wells, water lines, water tanks, and water treatment plant improvements. These will be paid for with revenue from water and sewer fees.

The Village has participated in other programs offered by the Ohio Public Works Commission for street & storm sewer repairs. These are all 0% interest loans that will be paid semi-annually by the Village of a period ranging from 5-30 years. These will be paid for with revenue from municipal income tax and allocated by ordinance to pay debt.

The Village issued \$1,450,000 Street Improvement Bond Anticipation Notes during 2016 with an interest rate of 2.0% and maturity date of November 9, 2017. This note matured and was repaid in November 2017. The Village rolled this debt into a series of Bonds in 2017 to fund remaining street projects in the amount of \$1,410,000. Additionally, the Village added bonding for a land purchase in the amount of \$215,000 for a new business park. Interest rates on these bonds are 3.21% and 4.18%, respectively, with the Land bonds being taxable. Final maturity for the Land bond is December 2027; final maturity for the Street bond is December 2034.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

10. DEBT (Continued)

In 2017, the Village issued an additional \$300,000 in a Water Improvement Bond to fund the placement of a water line connecting existing distributions to a new business park. \$830,000 in Sewer Improvement Bonds were also issued to fund the associated sewer line for this business park. Interest rate is 3.22% on both bonds with a final maturity of December 2034.

In 2019, the Village borrowed \$94,000 for the purchase of two (2) new police cruisers. Interest rate is 4.50% and final maturity in 2022.

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

Year Ending December 31	Land Bonds	2017 Sewer Bonds	2017 Water Bonds	2015 Street Bonds
2020	\$ 25,185	\$ 64,800	\$ 24,000	\$ 99,515
2021	24,645	64,000	23,700	107,475
2022	24,105	68,200	23,400	105,975
2023	23,565	67,300	23,100	99,475
2024	22,945	66,400	22,800	102,725
2025-2029	79,650	327,500	122,100	508,250
2030-2034	-	331,400	118,000	302,600
	<u>\$ 200,095</u>	<u>\$ 989,600</u>	<u>\$ 357,100</u>	<u>\$ 1,326,015</u>

Year Ending December 31	OWDA 3705	OWDA 4098	OPWC CQ17T	OPWC CQ08U	OPWC CQ24S
2020	\$ 21,607	\$ 324,242	\$ 3,329	\$ 2,638	\$ 11,075
2021	21,692	324,242	3,329	2,638	11,075
2022	21,781	324,242	3,329	2,638	11,075
2023	21,874	324,242	3,329	2,638	11,075
2024	21,971	324,242	3,329	2,638	11,075
2025-2029	111,483	324,242	16,649	13,190	55,375
2030-2034	56,901	-	16,649	13,190	55,375
2035-2039	-	-	16,649	9,231	55,375
2040-2044	-	-	16,649	-	55,375
2045-2049	-	-	8,327	-	16,619
	<u>\$ 277,309</u>	<u>\$ 1,945,452</u>	<u>\$ 91,568</u>	<u>\$ 48,801</u>	<u>\$ 293,494</u>

Year Ending December 31	OPWC CQ02E	OPWC CQ02G	OPWC CQ28M	OPWC CQ57L	2017 Street Bond
2020	\$ 17,500	\$ 5,000	\$ 11,567	\$ 3,551	\$ 112,200
2021	17,500	5,000	5,784	3,551	110,800
2022	17,500	5,000	-	3,551	114,400
2023	8,750	5,000	-	3,551	112,900
2024	-	5,000	-	3,551	111,400
2025-2029	-	5,000	-	17,755	559,100
2030-2034	-	-	-	1,772	562,000
	<u>\$ 61,250</u>	<u>\$ 30,000</u>	<u>\$ 17,351</u>	<u>\$ 37,282</u>	<u>\$1,682,800</u>

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

10. DEBT (Continued)

Year Ending December 31	Police Cruiser
2020	\$ 33,630
2021	33,630
2022	33,630
	<u>\$ 100,890</u>

11. SUBSEQUENT EVENTS

The United State and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

VILLAGE OF JOHNSTOWN
LICKING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 246,310	\$ -	\$ -	\$ -	\$ 246,310
Municipal Income Tax	1,946,828	-	-	-	1,946,828
Intergovernmental Receipts	74,692	285,435	-	24,395	384,522
Charges for Services	-	18,830	-	-	18,830
Fines, Licenses, and Permits	323,266	-	-	-	323,266
Earnings on Investments	11,696	-	-	-	11,696
Miscellaneous	32,840	1,534	-	5,000	39,374
Total Cash Receipts	2,635,632	305,799	-	29,395	2,970,826
Cash Disbursements					
Current:					
Security of Persons and Property	1,119,292	20,301	-	-	1,139,593
Public Health Services	16,550	-	-	-	16,550
Leisure Time Activities	8,091	-	-	-	8,091
Community Environment	37,382	-	-	-	37,382
Basic Utility Service	29,000	-	-	-	29,000
Transportation	3,400	198,820	-	-	202,220
General Government	625,796	29,999	-	-	655,795
Debt Service					
Principal	-	-	214,241	-	214,241
Interest	-	-	90,981	-	90,981
Capital Outlay	-	244,000	-	980,255	1,224,255
Total Cash Disbursements	1,839,511	493,120	305,222	980,255	3,618,108
Total Receipts Over/(Under) Disbursements	796,121	(187,321)	(305,222)	(950,860)	(647,282)
Other Financing Receipts/(Disbursements)					
Transfers - In	-	-	310,500	685,092	995,592
Transfers - Out	(745,592)	-	-	(250,000)	(995,592)
Total Other Financing Receipts/(Disbursements)	(745,592)	-	310,500	435,092	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	50,529	(187,321)	5,278	(515,768)	(647,282)
Fund Cash Balances, January 1, 2018,	157,195	689,137	44,087	813,758	1,704,177
Fund Cash Balances, December 31, 2018					
Assigned	-	34,925	-	-	34,925
Restricted	112,040	466,891	49,365	297,990	926,286
Unassigned (Deficit)	95,684	-	-	-	95,684
Fund Cash Balances, December 31, 2018	\$ 207,724	\$ 501,816	\$ 49,365	\$ 297,990	\$ 1,056,895

See notes to financial statements.

**VILLAGE OF JOHNSTOWN
LICKING 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, 2018**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 2,460,164	\$ -	\$ 2,460,164
Total Operating Cash Receipts	<u>2,460,164</u>	<u>-</u>	<u>2,460,164</u>
Operating Cash Disbursements:			
Personal Services	430,328	-	430,328
Employee Fringe Benefits	144,073	-	144,073
Contractual Services	286,062	-	286,062
Supplies and Materials	337,796	-	337,796
Other	36,447	-	36,447
Total Operating Cash Disbursements	<u>1,234,706</u>	<u>-</u>	<u>1,234,706</u>
Operating Income/(Loss)	<u>1,225,458</u>	<u>-</u>	<u>1,225,458</u>
Non-Operating Cash Receipts:			
Debt Proceeds	52,758	-	52,758
Other Non-operating Receipts	37,657	80,985	118,642
Total Non-Operating Cash Receipts	<u>90,415</u>	<u>80,985</u>	<u>171,400</u>
Non-Operating Cash Disbursements:			
Other Non-operating Cash Disbursements	-	80,183	80,183
Debt Service-Principal	366,253	-	366,253
Debt Service-Interest	98,889	-	98,889
Capital Outlay	284,566	-	284,566
Total Non-Operating Cash Disbursements	<u>749,708</u>	<u>80,183</u>	<u>829,891</u>
Net Receipts Over/(Under) Disbursements	<u>566,165</u>	<u>802</u>	<u>566,967</u>
Fund Cash Balances, January 1,	<u>3,917,272</u>	<u>16,684</u>	<u>3,933,956</u>
Fund Cash Balances, December 31	<u>\$ 4,483,437</u>	<u>\$ 17,486</u>	<u>\$ 4,500,923</u>

See notes to financial statements.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Johnstown, Licking County, (the Village) as a body corporate and politic. A publicly-elected seven-member Council directs the Village. The Village provides general government, including water and sewer utilities, street maintenance, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

The General fund is the operating fund. It is used to account 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 that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

Debt Service Funds

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

Debt Service Fund – This fund accounts for resources the Village accumulated to pay bond and note debt.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Fund:

Capital Projects Fund - This fund receives transfers from the general fund and intergovernmental monies that are used for construction of and improvements to the Village.

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

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 had the following significant Fiduciary Fund:

Mayors Court Fund - This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Budgetary Process

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

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

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.

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 2,465,044	\$ 2,635,632	\$ 170,588
Special Revenue	230,280	305,799	75,519
Debt Service	310,500	310,500	-
Capital Projects	434,700	714,487	279,787
Enterprise	2,160,378	2,550,579	390,201
Total	<u>\$ 5,600,902</u>	<u>\$ 6,516,997</u>	<u>\$ 916,095</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 2,647,616	\$ 2,585,103	\$ 62,513
Special Revenue	532,289	493,120	39,169
Debt Service	309,500	305,222	4,278
Capital Projects	1,281,947	1,230,255	51,692
Enterprise	3,390,830	1,984,414	1,406,416
Total	<u>\$ 8,162,182</u>	<u>\$ 6,598,114</u>	<u>\$ 1,564,068</u>

Contrary to ORC 5705.39, the Village had funds where appropriations exceeded estimated resources.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

4. 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:

	<u>2018</u>
Demand Deposits	\$ 2,541,517
Certificates of Deposit	<u>907,698</u>
Total Deposits	3,449,215
U.S. Treasury Notes	<u>2,108,603</u>
Total Deposits and Investments	<u>\$ 5,557,818</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

Investments: The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20.

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

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.00 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.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and Omissions

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

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants, in 2018, contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer's wages. The Village has paid all contributions required through December 31, 2018.

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

10. DEBT

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>%</u>
2016 OPWC CQ17T	94,897	0.0
2016 OPWC CQ24S	304,568	0.0
2011 OPWC CQ28M	28,918	0.0
2010 OPWC CT57L	40,832	0.0
2007 OPWC CQ08U	51,439	0.0
2005 OPWC CQ02G	35,000	0.0
2017 Police Cruiser Loan	26,196	2.69
2017 Street Improvement Bonds	1,345,000	3.21
2017 Sewer Improvement Bonds	790,000	3.22
2017 Water Improvement Bonds	285,000	3.22
2017 Land Purchase Bonds	195,000	4.18
OPWC Loan CQ02E	78,750	0.0
2015 Street Improvement Bonds	1,105,000	3.41
2002 OWDA 3705	228,528	4.64
2004 OWDA 4098	2,091,421	2.22
Total	<u>\$ 6,700,549</u>	

The 2002 Ohio Water Development Authority (OWDA) loan relates to the design, planning and construction of a new water storage tank. In 2004 and additional loan was entered into for the purpose of improvements to the wastewater treatment plant. Funds have been approved in the amount of \$5,593,700.

The Village issued \$1,290,000 in Street Improvement General Obligation Bonds during 2015 with an interest rate of 3.41% with stated final maturity in December 2032.

The Village has participated in several other State Capital Improvements Programs offered by the Ohio Public Works Commission. These are all 0% interest loans that will be paid semi-annually by the Village of a period ranging from 5-30 years. These are associated with the replacements of water wells, water lines, water tanks, and water treatment plant improvements. These will be paid for with revenue from water and sewer fees.

The Village has participated in other programs offered by the Ohio Public Works Commission for street & storm sewer repairs. These are all 0% interest loans that will be paid semi-annually by the Village of a period ranging from 5-30 years. These will be paid for with revenue from municipal income tax and allocated by ordinance to pay debt.

The Village issued \$1,450,000 Street Improvement Bond Anticipation Notes during 2016 with an interest rate of 2.0% and maturity date of November 9, 2017. This note matured and was repaid in November 2017. The Village rolled this debt into a series of Bonds in 2017 to fund remaining street projects in the amount of \$1,410,000. Additionally, the Village added bonding for a land purchase in the amount of \$215,000 for a new business park. Interest rates on these bonds are 3.21% and 4.18%, respectively, with the Land bonds being taxable. Final maturity for the Land bond is December 2027; final maturity for the Street bond is December 2034.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

10. DEBT (Continued)

In 2017, the Village issued an additional \$300,000 in a Water Improvement Bond to fund the placement of a water line connecting existing distributions to a new business park. \$830,000 in Sewer Improvement Bonds were also issued to fund the associated sewer line for this business park. Interest rate is 3.22% on both bonds with a final maturity of December 2034.

In 2017, the Village borrowed \$77,000 for the purchase of two (2) new police cruisers. Interest rate is 2.69% and final maturity in December 2019.

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

Year Ending December 31	Land Bonds	2017 Sewer Bonds	2017 Water Bonds	2015 Street Bonds	
2019	\$ 25,725	\$ 65,600	\$ 24,300	\$ 94,475	
2020	25,185	64,800	24,000	98,515	
2021	24,645	64,000	23,700	107,475	
2022	24,105	68,200	23,400	105,975	
2023	23,565	67,300	23,100	99,475	
2024-2028	102,595	330,100	119,900	511,375	
2029-2033	-	327,600	117,000	402,200	
2034-2037	-	67,600	26,000	-	
	<u>\$ 225,820</u>	<u>\$ 1,055,200</u>	<u>\$ 381,400</u>	<u>\$ 1,419,490</u>	

Year Ending December 31	OWDA 3705	OWDA 4098	OPWC CQ17T	OPWC CQ08U	OPWC CQ24S
2019	\$ 21,526	\$ 324,242	\$ 3,329	\$ 2,638	\$ 11,075
2020	21,607	324,242	3,329	2,638	11,075
2021	21,692	324,242	3,329	2,638	11,075
2022	21,781	324,242	3,329	2,638	11,075
2023	21,874	324,242	3,329	2,638	11,075
2024-2028	110,923	648,484	16,649	13,190	55,375
2029-2033	79,432	-	16,649	13,190	55,375
2034-2038	-	-	16,649	11,869	55,375
2039-2043	-	-	16,649	-	55,375
2044-2048	-	-	11,656	-	27,693
	<u>\$ 298,835</u>	<u>\$ 2,269,694</u>	<u>\$ 94,897</u>	<u>\$ 51,439</u>	<u>\$ 304,568</u>

Year Ending December 31	OPWC CQ02E	OPWC CQ02G	OPWC CQ28M	OPWC CQ57L	2017 Street Bond
2019	\$ 17,500	\$ 5,000	\$ 11,567	\$ 3,551	\$ 113,600
2020	17,500	5,000	11,567	3,551	112,200
2021	17,500	5,000	5,784	3,551	110,800
2022	17,500	5,000	-	3,551	114,400
2023	8,750	5,000	-	3,551	112,900
2024-2028	-	10,000	-	17,755	556,900
2029-2033	-	-	-	5,322	561,200
2034-2038	-	-	-	-	114,400
	<u>\$ 78,750</u>	<u>\$ 35,000</u>	<u>\$ 28,918</u>	<u>\$ 40,832</u>	<u>\$1,796,400</u>

VILLAGE OF JOHNSTOWN
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

10. DEBT (Continued)

Year Ending December 31	Police Cruiser
<u>2019</u>	<u>\$ 26,728</u>
	<u>\$ 26,728</u>

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Village of Johnstown
Licking County
599 S. Main Street
Johnstown, Ohio 43031

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Johnstown, Licking County as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 3, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Village of Johnstown's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider Finding 2019-003 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2019-001 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Johnstown'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, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2019-002 and 2019-003.

Entity's Response to Finding

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 3, 2020

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Significant Deficiency – Financial Reporting

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village Officer’s Handbook provides suggested accounts classifications. These accounts classify receipts by fund and source (Taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Village did not properly post and classify all receipts and expenditures. Errors were made in recording various transactions. Amounts were not always posted to the correct fund and/or line item. The following adjustments and reclassifications were made.

Adjustments:

- In 2019, an adjustment was made in the Capital Projects Fund for recording Debt Proceeds of \$217,079 and a corresponding adjustment to Capital Outlay.
- In 2018, an adjustment was made in the Enterprise Fund for recording Debt Proceeds of \$52,758 and a corresponding adjustment to Capital Outlay.
- In 2018 a reclassification of \$25,395 was made from Miscellaneous Receipts to Intergovernmental Revenue in the Capital Projects Fund for a State Mature Works Grant.

The adjustments with which the Village Official’s agree are reflected in the accompanying financial statements and posted to the accounting records.

We recommend the Village utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions.

Client Response: We will review debt information at end of year with OPWC and OWDA and make any changes necessary. We will classify future grants correctly.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-002

Noncompliance – Appropriations Exceeding Estimated Resources

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate or amended official estimate.

		Estimated			
Fund	Year	Resources		Appropriations	Variance
General	2018	\$ 2,622,239		\$ 2,647,616	\$ (25,377)
Capital Projects	2018	1,248,458		1,281,947	(33,489)

We recommend Council review estimated resources versus appropriations throughout the year. Also, Council should not approve appropriations greater than estimated resources. This could result in the Village spending more money than it receives and could cause possible negative fund balances.

Client Response: As of 1/1/19, a process has been put in place to ensure appropriations do not exceed estimated resources. We feel this will not be an issue going forward.

FINDING NUMBER 2019-003

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.10(D) states that all revenue derived from a source other than the general property tax and which the law prescribes, shall be used for a particular purpose is to be paid into a special fund for such purpose.

Gasoline Excise Tax is a revenue to be used in the maintenance, construction and repair of roads. It is to be allocated between the Street Fund (92.50%) and the State Highway Fund (7.50%).

In 2018, the Village recorded gasoline excise tax monies in the General Fund. This required an adjustment to decrease Intergovernmental Revenue by \$63,921 and to increase Intergovernmental Revenue in the Street Fund by \$60,268 and the State Highway Fund by \$3,653. In 2019, it was recorded properly.

We recommend that the Village review all postings of revenue and determine they are being recorded in the proper fund with the proper purpose the fund was created for.

Client Response: This issue has been corrected as of 1/1/19 and will not be a concern going forward.

**VILLAGE OF JOHNSTOWN
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2017-001	Significant Deficiency Recording of debt proceeds and capital outlay	No	Not Corrected: Stated as Finding Number 2019-001 in current report.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF JOHNSTOWN

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/17/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov