



Dave Yost • Auditor of State

**VILLAGE OF JAMESTOWN
GREENE COUNTY
DECEMBER 31, 2016 AND 2015**

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INDEPENDENT AUDITOR'S REPORT

Village of Jamestown
Greene County
84 Seaman Drive
Jamestown, Ohio 45335

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 Jamestown, Greene County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions 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 2016 notes to 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 of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are 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 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 as of December 31, 2016 and 2015, and the respective 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 the Village of Jamestown, Greene County as of December 31, 2016 and 2015 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 of the 2016 notes to the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2018, 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. 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.



Dave Yost
Auditor of State
Columbus, Ohio

September 17, 2018

**Village of Jamestown
Greene County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016**

	General	Special Revenue	Totals
Cash Receipts			
Property and Other Local Taxes	\$94,362	\$283,431	\$377,793
Municipal Income Tax	218,124		218,124
Intergovernmental	66,426	102,033	168,459
Special Assessments		1,954	1,954
Charges for Services		309,883	309,883
Fines, Licenses and Permits	36,890		36,890
Earnings on Investments	1,495	12	1,507
Miscellaneous		3,280	3,280
<i>Total Cash Receipts</i>	<u>417,297</u>	<u>700,593</u>	<u>1,117,890</u>
Cash Disbursements			
Current:			
Security of Persons and Property	34,410	631,617	666,027
Public Health Services	4,116	121	4,237
Leisure Time Activities	499	400	899
Community Environment	2,953		2,953
Basic Utility Services	36,962		36,962
Transportation		99,618	99,618
General Government	138,248	16,685	154,933
Capital Outlay	125,163		125,163
<i>Total Cash Disbursements</i>	<u>342,351</u>	<u>748,441</u>	<u>1,090,792</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>74,946</u>	<u>(47,848)</u>	<u>27,098</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	2,070		2,070
Other Financing Uses	(705)		(705)
Sale of Capital Assets		400	400
Transfers In		98,000	98,000
Transfers Out	(98,000)		(98,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(96,635)</u>	<u>98,400</u>	<u>1,765</u>
<i>Net Change in Fund Cash Balances</i>	<u>(21,689)</u>	<u>50,552</u>	<u>28,863</u>
<i>Fund Cash Balances, January 1</i>	<u>567,803</u>	<u>165,367</u>	<u>733,170</u>
Fund Cash Balances, December 31			
Restricted		215,919	215,919
Assigned	361,849		361,849
Unassigned (Deficit)	184,265		184,265
<i>Fund Cash Balances, December 31</i>	<u>\$546,114</u>	<u>\$215,919</u>	<u>\$762,033</u>

See accompanying notes to the financial statements

Village of Jamestown
Greene County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balance (Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2016

	Enterprise
Operating Cash Receipts	
Charges for Services	\$692,743
<i>Total Operating Cash Receipts</i>	692,743
Operating Cash Disbursements	
Personal Services	137,317
Employee Fringe Benefits	22,100
Contractual Services	189,224
Supplies and Materials	110,556
Other	3,784
<i>Total Operating Cash Disbursements</i>	462,981
<i>Operating Income</i>	229,762
Non-Operating Receipts (Disbursements)	
Intergovernmental	122,447
Special Assessments	846
Sale of Capital Assets	516,976
Miscellaneous Receipts	12,236
Capital Outlay	(5,500)
Principal Retirement	(679,617)
Interest and Other Fiscal Charges	(131,222)
<i>Total Non-Operating Receipts (Disbursements)</i>	(163,834)
<i>Income (Loss) before Transfers</i>	65,928
Transfers In	808,392
Transfers Out	(808,392)
<i>Net Change in Fund Cash Balance</i>	65,928
<i>Fund Cash Balance, January 1</i>	1,020,001
<i>Fund Cash Balance, December 31</i>	\$1,085,929

See accompanying notes to the financial statements

Village of Jamestown
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Jamestown (the Village), Greene County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services

The Village participates in a public entity risk pool and a jointly governed organization. Note 6 and note 10 to the financial statements provides additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (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:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds

Street Construction Maintenance and Repair Fund The fund accounts for and reports that portion of the gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police Protection Fund This fund is used to account for receipts from property tax levies, transfers, and charges for services and related expenses for the Village's police department.

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. This fund also received funds from Greene County for contract to receive and treat their sludge from Shawnee Hills.

Village of Jamestown
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Water Capital Improvement Fund This fund receives water fund transfers to fund capital improvements for the water distribution system.

Sewer Capital Improvement Fund This fund receives sewer fund transfers to fund capital improvements for the sewer collection system.

Water Debt Service Fund This fund receives water fund transfers to fund principal and interest payments on the water distribution system debt.

Sewer Debt Service Fund This fund receives sewer fund transfers to fund principal and interest payments on the sewer collection system debt. This fund also receives funds from Greene County according to contract.

Sewer Reserve Fund This fund receives sewer fund transfers to fund principal and interest payments on the sewer collection system debt.

Enterprise Debt Service Fund This fund receives water and sewer fund transfers to fund the principal and interest payments for the Limestone Street water/sewer improvements

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 Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 Section 117-2-03 (D) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end

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

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

A summary of 2016 budgetary activity appears in Note 3.

Village of Jamestown
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits

The Village only has depository bank accounts and certificates of deposit.

Capital Assets

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

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.

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.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the 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 the 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 resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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 (committed, assigned, and 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 classifications could be used.

Village of Jamestown
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$306,713	\$419,367	\$112,654
Special Revenue	785,000	798,993	13,993
Enterprise	2,133,814	2,153,640	19,826
Total	\$3,225,527	\$3,372,000	\$146,473

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$662,551	\$466,915	\$195,636
Special Revenue	816,001	769,059	46,942
Enterprise	2,239,400	2,175,429	63,971
Total	\$3,717,952	\$3,411,403	\$306,549

Note 4 – Deposits

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

Demand deposits	2016 \$1,547,962
Certificates of deposit	300,000
Total deposits	\$1,847,962

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

Note 5 – Taxes

Property Taxes

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.

Village of Jamestown
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 5 – Taxes (Continued)

Public utilities are also taxed on personal and real property located within the Village

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

Income Taxes

The Village levies a municipal income tax of .5 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.

Note 6 - Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

Public Entities Pool of Ohio (PEP)

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Village.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

Village of Jamestown
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - Risk Management (Continued)

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$23,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership. Contributions to PEP during 2016 were \$35,784.

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Ohio Municipal League Worker's Compensation Group Rating Plan

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees (except full-time police officers) belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement System

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 contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

Village of Jamestown
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7 - Defined Benefit Pension Plans (Continued)

Social Security

Some 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, 2016.

Note 8 - 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 contributed 2 percent of the employer contribution to fund these benefits, and OP&F contributed 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC 2004	\$70,195	0%
OPWC 2012	\$107,260	0%
OWDA 2004	3,098,795	3.11%
OWDA 2012	510,259	3.17%
Security National Bank 2015	232,506	3.34%
Total	<u>\$4,019,015</u>	

A summary of debt outstanding at year-end December 31, 2016:

The 2004 OPWC note for the construction of the village wastewater treatment plant is due in semiannual payments of \$4,680 through 2024 at 0% interest.

The 2012 OPWC note for the sanitary sewer overflow and water line replacement on South Limestone Street is due in semi-annual payments of \$3,575 through 2032 at 0% interest.

The 2004 OWDA construction note for the construction of village wastewater treatment plant is due in semi-annual payments of \$113,058 through 2035 at 3.11% interest.

The 2012 OWDA construction note for the sanitary sewer overflow and water line replacement on South Limestone Street is due in semi-annual payments of 15,054 through 2041 at 3.17% interest.

The 2015 loan from Security National Bank was for the purchase of land for well head protection and well expansion at 3.34% interest. A portion of the land that was not needed for the wellhead protection was sold in 2016 and the proceeds were used to pay the principal. Annual payments are \$21,131.

Village of Jamestown
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – Debt (Continued)

Amortization

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

Year ending December 31:	OPWC Loans	OWDA Loans	Security National Bank Loan
2017	\$16,510	\$256,223	\$21,131
2018	\$16,510	\$256,223	\$21,131
2019	\$16,510	\$256,223	\$21,131
2020	\$16,510	\$256,223	\$21,131
2021	\$16,510	\$256,223	\$21,131
2022-2026	59,152	1,281,113	105,657
2027-2031	35,753	1,281,113	84,526
2032-2036		828,883	
2037-2041		135,484	
Total	<u>\$177,455</u>	<u>\$4,807,708</u>	<u>\$295,838</u>

Note 10- Jointly Governed Organizations

The Village is associated with the Greene County Regional Planning Commission as a jointly governed organization. The Commission is a statutorily created political subdivision of the state. The Commission is jointly governed among Greene County municipalities and townships. Each member's control over the operation of the commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County.

Note 11 – Subsequent Event

On June 4, 2018, the Village Council approved the issuance of \$182,348 of bonds for the purpose of paying the cost of acquiring a street sweeper and related equipment.

**Village of Jamestown
Greene County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015**

	General	Special Revenue	Totals
Cash Receipts			
Property and Other Local Taxes	\$95,247	\$285,229	\$380,476
Municipal Income Tax	192,741		192,741
Intergovernmental	49,589	107,620	157,209
Special Assessments		1,437	1,437
Charges for Services	7	300,455	300,462
Fines, Licenses and Permits	17,292		17,292
Earnings on Investments	1,056	7	1,063
Miscellaneous		4,645	4,645
<i>Total Cash Receipts</i>	<u>355,932</u>	<u>699,393</u>	<u>1,055,325</u>
Cash Disbursements			
Current:			
Security of Persons and Property	30,856	607,581	638,437
Public Health Services	7,360	94	7,454
Leisure Time Activities	20,000	13,395	33,395
Community Environment	2,956		2,956
Basic Utility Services	1,832		1,832
Transportation	2,765	103,093	105,858
General Government	186,945	17,054	203,999
Capital Outlay	122,680		122,680
<i>Total Cash Disbursements</i>	<u>375,394</u>	<u>741,217</u>	<u>1,116,611</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(19,462)</u>	<u>(41,824)</u>	<u>(61,286)</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	339		339
Transfers In		57,000	57,000
Transfers Out	(57,000)		(57,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(56,661)</u>	<u>57,000</u>	<u>339</u>
<i>Net Change in Fund Cash Balances</i>	<u>(76,123)</u>	<u>15,176</u>	<u>(60,947)</u>
<i>Fund Cash Balances, January 1</i>	<u>643,926</u>	<u>150,191</u>	<u>794,117</u>
Fund Cash Balances, December 31			
Restricted		165,367	165,367
Assigned	355,838		355,838
Unassigned (Deficit)	211,965		211,965
<i>Fund Cash Balances, December 31</i>	<u>\$567,803</u>	<u>\$165,367</u>	<u>\$733,170</u>

See accompanying notes to the financial statements

Village of Jamestown
Greene County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balance (Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2015

	Enterprise
Operating Cash Receipts	
Charges for Services	\$679,486
<i>Total Operating Cash Receipts</i>	679,486
Operating Cash Disbursements	
Personal Services	135,692
Employee Fringe Benefits	23,404
Contractual Services	193,844
Supplies and Materials	83,404
Other	4,567
<i>Total Operating Cash Disbursements</i>	440,911
<i>Operating Income</i>	238,575
Non-Operating Receipts (Disbursements)	
Intergovernmental	122,447
Special Assessments	3,022
Debt Proceeds	763,218
Miscellaneous Receipts	9,430
Capital Outlay	(785,050)
Principal Retirement	(152,622)
Interest and Other Fiscal Charges	(120,111)
<i>Total Non-Operating Receipts (Disbursements)</i>	(159,666)
<i>Income (Loss) before Transfers</i>	78,909
Transfers In	244,286
Transfers Out	(244,286)
<i>Net Change in Fund Cash Balance</i>	78,909
<i>Fund Cash Balance, January 1</i>	941,092
<i>Fund Cash Balance, December 31</i>	\$1,020,001

See accompanying notes to the financial statements

**VILLAGE OF JAMESTOWN
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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 Jamestown, Greene County, 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 participates in a public entity risk pool and a jointly governed organization. Note 7 and note 10 to the financial statements provides additional information for these entities.

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 cash basis accounting permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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).

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-203(D) permit.

C. Deposits

The Village only has depository bank accounts and certificates of deposit.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF JAMESTOWN
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds:

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

Police Protection Fund – This fund is used to account for receipts from property tax levies, transfers, and charges for services and related expenses for the Village’s police department.

3. 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. This fund also receives funds from Greene County for contract to receive and treat their sludge from Shawnee Hills.

Water Capital Improvement Fund – This fund receives water fund transfers to fund capital improvements for the water distribution system.

Sewer Capital Improvement Fund – This fund receives sewer fund transfers to fund capital improvements for the sewer collection system.

Water Debt Service Fund – This fund receives water fund transfers to fund principal and interest payments on the water distribution system debt.

Sewer Debt Service Fund – This fund receives sewer fund transfers to fund principal and interest payments on the sewer collection system debt. This fund also receives funds from Greene County according to contract.

Sewer Reserve Fund – This fund receives sewer fund transfers to fund principal and interest payments on the sewer collection system debt.

Enterprise Debt Service fund – This fund receives water and sewer fund transfers to fund the principal and interest payments for the Limestone Street water/sewer improvements.

**VILLAGE OF JAMESTOWN
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2015 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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 JAMESTOWN
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the 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.

4. 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 the 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 resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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 (committed, assigned, and 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 classifications could be used.

G. 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.

H. 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.

**VILLAGE OF JAMESTOWN
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. EQUITY IN POOLED DEPOSITS

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2015 was as follows:

	2015
Demand deposits	\$1,453,171
Certificates of deposit	300,000
Total deposits	\$1,753,171

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$297,311	\$356,271	\$58,960
Special Revenue	737,548	756,393	18,845
Enterprise	1,027,733	1,821,888	794,155
Total	\$2,062,592	\$2,934,552	\$871,960

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$623,402	\$452,386	\$171,016
Special Revenue	786,525	754,515	32,010
Enterprise	1,070,043	1,765,595	(695,552)
Total	\$2,479,970	\$2,972,496	(\$492,526)

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.

Public utilities are also taxed on personal and real property located within the Village.

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

**VILLAGE OF JAMESTOWN
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

5. LOCAL INCOME TAX

The Village levies a municipal income tax of .5 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, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC 2004	\$79,555	0%
OPWC 2012	114,410	0%
OWDA 2004	3,225,573	3.11%
OWDA 2012	523,867	3.17%
Security National Bank 2015	763,218	3.34%
Total	<u>\$4,706,623</u>	

A summary of debt outstanding at year-end December 31, 2015:

The 2004 OPWC note for the construction of the village wastewater treatment plant is due in semiannual payments of \$4,680 through 2024 at 0% interest.

The 2012 OPWC note for the sanitary sewer overflow and water line replacement on South Limestone Street is due in semi-annual payments of \$3,575 through 2032 at 0% interest.

The 2004 OWDA construction note for the construction of village wastewater treatment plant is due in semi-annual payments of \$113,058 through 2035 at 3.11% interest.

The 2012 OWDA construction note for the sanitary sewer overflow and water line replacement on South Limestone Street is due in semi-annual payments of 15,054 through 2041 at 3.17% interest.

The 2015 loan from Security National Bank was for the purchase of land for well head protection and well expansion at 3.34% interest. As of December 31, 2015, the Village had not received an amortization schedule. The first payment is expected to be made in September 2016.

**VILLAGE OF JAMESTOWN
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

6. DEBT

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

Year ending December 31:	OPWC	OWDA
2016	\$16,510	\$256,223
2017	16,510	256,223
2018	16,510	256,223
2019	16,510	256,223
2020	16,510	256,223
2021-2025	68,511	1,281,113
2026-2030	35,754	1,281,113
2031-2035	7,150	1,168,056
2036-2040		150,538
2041-2045		30,108
Total	\$193,965	\$5,192,043

7. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

Public Entities Pool of Ohio (PEP)

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015.

**VILLAGE OF JAMESTOWN
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

7. RISK MANAGEMENT (Continued)

	<u>2015</u>
Assets	\$38,307,677
Liabilities	<u>(12,759,127)</u>
Net Position	<u>\$25,548,550</u>

At December 31, 2015, the liabilities above include approximately \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$22,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership. Contributions to PEP during 2015 were \$34,263.

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Ohio Municipal League Worker's Compensation Group Rating Plan

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

All village employees (except full-time police officers) belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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.

**VILLAGE OF JAMESTOWN
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

8. DEFINED BENEFIT PENSION PLAN (Continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Ohio Police and Fire Retirement System

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 contributed 11.5% of their wages for January through June and 12.25% of their wages for July through December. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2015.

Social Security

Some Village employees contribute 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, 2015.

9. POST EMPLOYMENT 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. The portion of employer contributions allocated to health care for members in the OPERS Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. OP&F contributed .5 percent to fund these benefits.

10. JOINTLY GOVERNED ORGANIZATION

The Village is associated with the Greene County Regional Planning Commission as a jointly governed organization. The Commission is a statutorily created political subdivision of the state. The Commission is jointly governed among Greene County municipalities and townships. Each member's control over the operation of the Commission is limited to representation on the Board. The Commission makes studies, maps, recommendation, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County.

11. SUBSEQUENT EVENT

On June 4, 2018, the Village Council approved the issuance of \$182,348 of bonds for the purpose of paying the cost of acquiring a street sweeper and related equipment.

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Dave Yost • Auditor of State

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

Village of Jamestown
Greene County
84 Seaman Drive
Jamestown, Ohio, 45335

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Jamestown, Greene County, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated September 17, 2018 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 the Village'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.

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 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

September 17, 2018

**VILLAGE OF JAMESTOWN
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Material Weakness – Financial Statement Errors

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Village's financial reporting process lacked adequate controls, which led to the following financial statement errors that were identified:

- In 2016 and 2015, the Village incorrectly recorded manufactured home homestead and rollback revenue and motor vehicle license tax revenue in the special revenue fund as property and other local taxes revenue rather than intergovernmental revenue in the amounts of \$14,362 and \$15,400, respectively. These errors did not require adjustment to the financial statements because they were not material.
- In 2015, the Village issued a bond to finance well head protection and well expansion costs (related to enterprise fund). The amount of the bond issuance and related costs was \$763,218. The Village did not record the issuance proceeds or the related costs. Therefore, debt proceeds and capital outlay expenditures in the enterprise fund were understated by \$763,218. The financial statements were adjusted to correct this error.
- Governmental Accounting Standards Board (GASB) Statement 54, paragraph 16 (GASB Codification 1800.176) states, in part, that an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. The Village failed to properly classify the amount by which appropriations exceeded estimated receipts for subsequent year at year-end 2016 and 2015 in the amounts of \$335,991 and \$355,838. These amounts should have been classified as assigned fund balance rather than unassigned fund balance in the General Fund. The financial statements were adjusted to correct these errors.
- Governmental Accounting Standards Board (GASB) Statement 54, paragraph 24 (GASB Codification 1800.184) states, in part, that encumbered amounts for specific purposes for which resources already have been restricted, committed, or assigned should not result in separate display of the encumbered amounts within those classifications. At year-end 2016, the Village classified outstanding encumbrances in the amount of \$20,617 in special revenue funds as assigned fund balance. However, this amount should have been included in the restricted fund balance classification. The financial statements were adjusted to correct this error.
- Governmental Accounting Standards Board (GASB) Statement 54, paragraph 30 (GASB Codification 1300.105) states that a special revenue fund requires that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Paragraph 31 continues that the restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other revenues (investment earnings and transfers from other funds, for example) also may be reported in the fund if those resources are restricted, committed, or assigned to the specific purpose of the fund. Governments should discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

**FINDING NUMBER 2016-001
(Continued)**

The Village used an income tax fund to track expenses related to income tax operations and the fund was reported as a special revenue fund. The fund's revenue source was transfers from the general fund and all income tax receipts were recorded in the general fund. Therefore, the income tax fund's activity should have been reported within the general fund on the financial statements. The fund's activity was as follows for 2016 and 2015, respectively: beginning balance of \$2,948 and \$2,998; transfers in of \$20,000 and \$17,003; general government expenditures of \$16,686 and \$17,054, and ending balance of \$6,262 and \$2,947. These errors did not require adjustment to the financial statements because they were not material.

Failure to properly account for all activity and classify fund balances properly could lead to misstated financial statements and misleading financial statement information.

The Village should implement procedures to verify that transactions are recorded in the proper line item. To assist in the process, the Village should review the Uniform Accounting Network (UAN) Manual and the Village Handbook. The Village should also determine proper reporting of fund balances in accordance with GASB Statement 54 requirements and review Auditor of State Bulletin 2011-004 for additional guidance related to GASB Statement 54.

Officials' Response: We did not receive a response from Officials to this finding.



Dave Yost • Auditor of State

VILLAGE OF JAMESTOWN

GREENE 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
OCTOBER 23, 2018