

**VILLAGE OF JOHNSTOWN**  
**AUDIT REPORT**  
**JANUARY 1, 2016 - DECEMBER 31, 2017**

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





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Johnstown, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2016 through December 31, 2017. 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 "Dave Yost".

Dave Yost  
Auditor of State

August 3, 2018

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**VILLAGE OF JOHNSTOWN  
LICKING COUNTY  
JANUARY 1, 2016 - DECEMBER 31, 2017**

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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, 2017 and 2016.

**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, 2017 and 2016, 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 combined cash balances of the Village of Johnstown, Licking County as of December 31, 2017 and 2016, and its combined cash receipts and disbursements 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.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated April 20, 2018, 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  
April 20, 2018



**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, 2017**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>					
Property Tax and Other Local Taxes	\$ 225,923	\$ -	\$ -	\$ -	\$ 225,923
Municipal Income Tax	1,798,666	-	-	-	1,798,666
Intergovernmental Receipts	134,662	182,798	-	-	317,460
Charges for Services	-	27,324	-	-	27,324
Fines, Licenses, and Permits	212,221	-	-	-	212,221
Earnings on Investments	1,732	-	-	-	1,732
Miscellaneous	30,409	7,052	3,264	160,184	200,909
<b>Total Cash Receipts</b>	<u>2,403,613</u>	<u>217,174</u>	<u>3,264</u>	<u>160,184</u>	<u>2,784,235</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,020,431	27,881	-	-	1,048,312
Public Health Services	16,500	-	-	-	16,500
Leisure Time Activities	10,203	-	-	-	10,203
Community Environment	36,016	-	-	-	36,016
Basic Utility Service	25,125	-	-	-	25,125
Transportation	5,595	85,075	-	-	90,670
General Government	602,334	198,049	-	10,540	810,923
Debt Service					
Principal	-	-	90,207	1,475,294	1,565,501
Interest	-	-	64,836	-	64,836
Capital Outlay	-	-	278	342,867	343,145
<b>Total Cash Disbursements</b>	<u>1,716,204</u>	<u>311,005</u>	<u>155,321</u>	<u>1,828,701</u>	<u>4,011,231</u>
<b>Total Receipts Over/(Under) Disbursements</b>	687,409	(93,831)	(152,057)	(1,668,517)	(1,226,996)
<b>Other Financing Receipts/(Disbursements)</b>					
Transfers - In	211	11,981	100,000	565,840	678,032
Debt Proceeds	-	-	-	1,702,000	1,702,000
Transfers - Out	(676,507)	(1,525)	-	-	(678,032)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(676,296)</u>	<u>10,456</u>	<u>100,000</u>	<u>2,267,840</u>	<u>1,702,000</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>					
	11,113	(83,375)	(52,057)	599,323	475,004
<b>Fund Cash Balances, January 1, 2017,</b>	<u>146,082</u>	<u>772,512</u>	<u>96,144</u>	<u>214,435</u>	<u>1,229,173</u>
<b>Fund Cash Balances, December 31, 2017</b>					
Assigned	-	34,925	-	-	34,925
Restricted	-	654,212	44,087	813,758	1,512,057
Unassigned (Deficit)	157,195	-	-	-	157,195
<b>Fund Cash Balances, December 31, 2017</b>	<u>\$ 157,195</u>	<u>\$ 689,137</u>	<u>\$ 44,087</u>	<u>\$ 813,758</u>	<u>\$ 1,704,177</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, 2017**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 2,334,622	\$ -	\$ 2,334,622
<b>Total Operating Cash Receipts</b>	<u>2,334,622</u>	<u>-</u>	<u>2,334,622</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	412,172	-	412,172
Employee Fringe Benefits	138,579	-	138,579
Contractual Services	268,280	-	268,280
Supplies and Materials	210,830	-	210,830
Other	5,493	-	5,493
<b>Total Operating Cash Disbursements</b>	<u>1,035,354</u>	<u>-</u>	<u>1,035,354</u>
Operating Income/(Loss)	<u>1,299,268</u>	<u>-</u>	<u>1,299,268</u>
<b>Non-Operating Cash Receipts:</b>			
Debt Proceeds	1,130,000	-	1,130,000
Other Non-operating Receipts	53,377	76,703	130,080
<b>Total Non-Operating Cash Receipts</b>	<u>1,183,377</u>	<u>76,703</u>	<u>1,260,080</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-operating Cash Disbursements	26,199	75,601	101,800
Debt Service-Principal	574,751	-	574,751
Debt Service-Interest	77,155	-	77,155
Capital Outlay	414,632	-	414,632
<b>Total Non-Operating Cash Disbursements</b>	<u>1,092,737</u>	<u>75,601</u>	<u>1,168,338</u>
<b>Net Receipts Over/(Under) Disbursements</b>	<u>1,389,908</u>	<u>1,102</u>	<u>1,391,010</u>
<b>Fund Cash Balances, January 1, restated</b>	<u>2,527,364</u>	<u>15,582</u>	<u>2,542,946</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 3,917,272</u>	<u>\$ 16,684</u>	<u>\$ 3,933,956</u>

See notes to financial statements.

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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, 2017**

**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, 2017**

**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 2017 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, 2017**

**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, 2017 is as follows:

<b>2017 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,309,441	\$ 2,403,824	\$ 94,383
Special Revenue	278,827	229,155	(49,672)
Debt Service	103,264	103,264	-
Capital Projects	2,382,524	2,428,024	45,500
Enterprise	3,133,057	3,517,999	384,942
Total	<u>\$ 8,207,113</u>	<u>\$ 8,682,266</u>	<u>\$ 475,153</u>

<b>2017 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,429,124	\$ 2,392,711	\$ 36,413
Special Revenue	381,455	347,455	34,000
Debt Service	189,000	155,321	33,679
Capital Projects	2,347,879	1,828,701	519,178
Enterprise	2,378,171	2,128,091	250,080
Total	<u>\$ 7,725,629</u>	<u>\$ 6,852,279</u>	<u>\$ 873,350</u>

Contrary to ORC 5705.41(D), the Village made expenditures without prior certification.

Contrary to ORC 5705.41(B), the Village had funds where expenditures exceeded appropriations.

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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>2017</u>
Demand Deposits	\$ 2,632,054
Certificates of Deposit	<u>1,172,027</u>
Total Deposits	3,804,081
U.S. Treasury Notes	<u>1,834,052</u>
Total Deposits and Investments	<u><u>\$ 5,638,133</u></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, 2017**

**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 2017, 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, 2017.

*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 2017, 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, 2017.

*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, 2017.

**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, 2017**

**10. DEBT**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>%</u>
2016 OPWC CQ17T	98,226	0.0
2016 OPWC CQ24S	315,642	0.0
2011 OPWC CQ28M	40,485	0.0
2010 OPWC CT57L	44,382	0.0
2007 OPWC CQ02A	11,438	0.0
2005 OPWC CQ02G	40,000	0.0
2017 Police Cruiser Loan	51,706	2.69
2017 Street Improvement Bonds	1,410,000	3.21
2017 Sewer Improvement Bonds	830,000	3.22
2017 Water Improvement Bonds	300,000	3.22
2017 Land Purchase Bonds	215,000	4.18
OPWC Loan CQ02E	96,250	0.0
2015 Street Improvement Bonds	1,170,000	3.41
2002 OWDA 3705	240,476	4.64
2004 OWDA 4098	2,364,676	2.22
Total	<u>\$ 7,228,281</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, 2017**

**10. DEBT**

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
2018	\$ 26,683	\$ 68,160	\$ 24,240	\$ 100,190
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
2023-2027	126,160	331,600	117,200	507,850
2028-2032	-	328,400	121,000	505,200
2032-2036	-	132,600	47,800	-
	<u>\$ 252,503</u>	<u>\$ 1,123,360</u>	<u>\$ 405,640</u>	<u>\$ 1,519,680</u>

  

Year Ending December 31	OWDA 3705	OWDA 4098	OPWC CQ17T	OPWC CQ02A	OPWC CQ24S
2018	\$ 21,449	\$ 324,242	\$ 3,330	\$ 11,438	\$ 11,075
2019	21,526	324,242	3,330	-	11,075
2020	21,607	324,242	3,330	-	11,075
2021	21,692	324,242	3,330	-	11,075
2022	21,781	324,242	3,330	-	11,075
2023-2027	99,228	972,726	16,650	-	55,375
2028-2032	112,999	-	16,650	-	55,375
2033-2037	-	-	16,650	-	55,375
2038-2042	-	-	16,650	-	55,375
2043-2047	-	-	14,976	-	38,767
	<u>\$ 320,282</u>	<u>\$ 2,593,936</u>	<u>\$ 98,226</u>	<u>\$ 11,438</u>	<u>\$ 315,642</u>

  

Year Ending December 31	OPWC CQ02E	OPWC CQ02G	OPWC CQ28M	OPWC CQ57L	2017 Street Bond
2018	\$ 17,500	\$ 5,000	\$ 11,567	\$ 3,551	\$ 112,893
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
2023-2027	-	15,000	-	17,755	557,800
2028-2032	-	-	-	8,872	559,600
2033-2037	-	-	-	-	228,000
	<u>\$ 87,500</u>	<u>\$ 40,000</u>	<u>\$ 40,485</u>	<u>\$ 44,382</u>	<u>\$1,909,293</u>

VILLAGE OF JOHNSTOWN  
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

10. DEBT

<u>Year Ending December 31</u>	<u>Police Cruiser</u>
2018	\$ 26,728
2019	26,728
	<u>\$ 53,456</u>

**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, 2016**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts</b>					
Property Tax and Other Local Taxes	\$ 231,104	\$ -	\$ -	\$ -	\$ 231,104
Municipal Income Tax	1,602,343	-	-	-	1,602,343
Intergovernmental Receipts	161,782	179,915	-	-	341,697
Fines, Licenses, and Permits	176,260	-	-	-	176,260
Earnings on Investments	11,192	-	-	-	11,192
Miscellaneous	32,812	126,181	-	-	158,993
<b>Total Cash Receipts</b>	<b>2,215,493</b>	<b>306,096</b>	<b>-</b>	<b>-</b>	<b>2,521,589</b>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	981,014	2,261	-	-	983,275
Public Health Services	16,396	-	-	-	16,396
Leisure Time Activities	4,332	-	-	-	4,332
Community Environment	34,343	-	-	-	34,343
Basic Utility Service	22,937	1,591	-	-	24,528
Transportation	3,563	7	-	-	3,570
General Government	485,132	223,942	-	-	709,074
Debt Service					
Principal	-	-	171,678	-	171,678
Interest	-	-	82,749	-	82,749
Capital Outlay	-	-	-	3,477,010	3,477,010
<b>Total Cash Disbursements</b>	<b>1,547,717</b>	<b>227,801</b>	<b>254,427</b>	<b>3,477,010</b>	<b>5,506,955</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>667,776</b>	<b>78,295</b>	<b>(254,427)</b>	<b>(3,477,010)</b>	<b>(2,985,366)</b>
<b>Other Financing Receipts/(Disbursements)</b>					
Transfers - In	62,500	-	228,000	499,500	790,000
Debt Proceeds	-	-	-	1,871,071	1,871,071
Transfers - Out	(727,500)	(62,500)	-	-	(790,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(665,000)</b>	<b>(62,500)</b>	<b>228,000</b>	<b>2,370,571</b>	<b>1,871,071</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>2,776</b>	<b>15,795</b>	<b>(26,427)</b>	<b>(1,106,439)</b>	<b>(1,114,295)</b>
<b>Fund Cash Balances, January 1, 2016, restated</b>	<b>143,306</b>	<b>756,717</b>	<b>122,571</b>	<b>1,320,874</b>	<b>2,343,468</b>
<b>Fund Cash Balances, December 31, 2016</b>					
Restricted	-	772,512	96,144	214,435	1,083,091
Unassigned (Deficit)	146,082	-	-	-	146,082
<b>Fund Cash Balances, December 31, 2016</b>	<b>\$ 146,082</b>	<b>\$ 772,512</b>	<b>\$ 96,144</b>	<b>\$ 214,435</b>	<b>\$ 1,229,173</b>

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, 2016**

	<u>Proprietary</u>	<u>Fiduciary</u>	<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 2,478,237	\$ -	\$ 2,478,237
<b>Total Operating Cash Receipts</b>	<u>2,478,237</u>	<u>-</u>	<u>2,478,237</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	477,118	-	477,118
Employee Fringe Benefits	56,583	-	56,583
Contractual Services	92,486	-	92,486
Supplies and Materials	344,356	-	344,356
Other	82,819	-	82,819
<b>Total Operating Cash Disbursements</b>	<u>1,053,362</u>	<u>-</u>	<u>1,053,362</u>
Operating Income/(Loss)	<u>1,424,875</u>	<u>-</u>	<u>1,424,875</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-operating Receipts	-	108,743	108,743
<b>Total Non-Operating Cash Receipts</b>	<u>-</u>	<u>108,743</u>	<u>108,743</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-operating Cash Disbursements	37,058	108,967	146,025
Debt Service-Principal	584,573	-	584,573
Debt Service-Interest	92,506	-	92,506
Capital Outlay	202,084	-	202,084
<b>Total Non-Operating Cash Disbursements</b>	<u>916,221</u>	<u>108,967</u>	<u>1,025,188</u>
<b>Net Receipts Over/(Under) Disbursements</b>	<u>508,654</u>	<u>(224)</u>	<u>508,430</u>
<b>Fund Cash Balances, January 1, restated</b>	<u>2,018,710</u>	<u>15,806</u>	<u>2,034,516</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 2,527,364</u>	<u>\$ 15,582</u>	<u>\$ 2,542,946</u>

See notes to financial statements.

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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, 2016**

**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, 2016**

**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 2016 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, 2016**

**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, 2016 is as follows:

<b>2016 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,270,700	\$ 2,277,993	\$ 7,293
Special Revenue	163,724	306,096	142,372
Debt Service	228,000	228,000	-
Capital Projects	1,949,500	2,370,571	421,071
Enterprise	2,092,100	2,478,237	386,137
Total	<u>\$ 6,704,024</u>	<u>\$ 7,660,897</u>	<u>\$ 956,873</u>

<b>2016 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,420,403	\$ 2,275,217	\$ 145,186
Special Revenue	308,284	290,301	17,983
Debt Service	257,000	254,427	2,573
Capital Projects	3,808,771	3,477,010	331,761
Enterprise	2,172,967	1,969,583	203,384
Total	<u>\$ 8,967,425</u>	<u>\$ 8,266,538</u>	<u>\$ 700,887</u>

Contrary to ORC 5705.41(D), the Village made expenditures without prior certification.

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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>2016</u>
Demand Deposits	\$ 1,745,515
Certificates of Deposit	<u>347,377</u>
Total Deposits	2,092,892
U.S. Treasury Notes	<u>1,679,227</u>
Total Deposits and Investments	<u><u>\$ 3,772,119</u></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, 2016**

**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 2016, 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, 2016.

*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 2016, 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, 2016.

*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, 2016.

**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, 2016**

**10. DEBT**

Debt outstanding at December 31, 2016 was as follows:

	Principal	%
2016 OPWC CQ17T	99,891	0.0
2016 OPWC CQ24S	321,180	0.0
2011 OPWC CQ28M	52,051	0.0
2010 OPWC CT57L	47,932	0.0
2007 OPWC CQ02A	22,875	0.0
2005 OPWC CQ02G	45,000	0.0
2016 Street Note	1,450,000	2.0
2011 Water Mortgage Revenue Bonds	180,000	5.4
2008 Sanitary Sewer System G.O. Bonds	90,000	4.4-6.2
OPWC Loan CQ02E	113,750	0.0
2015 Street Improvement Bonds	1,230,000	3.41
2002 OWDA 3705	251,888	4.64
2004 OWDA 4098	2,631,964	2.22
Total	\$ 6,536,531	

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 2011 Water Mortgage Revenue Bonds refinanced the 1997 Water Mortgage Revenue Bonds which were issued for the improvements to the Village's water supply and waterworks system. The bonds are collateralized by water receipts.

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 issued \$650,000 Sanitary Sewer System Improvement General Obligation Bonds during 2008 with stated interest rates ranging from 4.45% to 6.125% with stated final maturity in December 2017.

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.

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**10. DEBT**

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

Year Ending December 31	Street Note	Water Revenue Bonds	Sewer Bonds	Street Bonds
2017	\$ 1,479,000	\$ 184,725	\$ 95,513	\$ 95,580
2018	-	-	-	100,190
2019	-	-	-	94,475
2020	-	-	-	98,515
2021	-	-	-	107,475
2022-2026	-	-	-	512,625
2027-2031	-	-	-	507,600
2032-2036	-	-	-	98,800
	<u>\$ 1,479,000</u>	<u>\$ 184,725</u>	<u>\$ 95,513</u>	<u>\$ 1,615,260</u>

Year Ending December 31	OWDA 3705	OWDA 4098	OPWC CQ17T	OPWC CQ02A	OPWC CQ24S
2017	\$ 21,375	\$ 324,242	\$ 1,665	\$ 11,438	\$ 11,075
2018	21,449	324,242	3,330	11,437	11,075
2019	21,526	324,242	3,330	-	11,075
2020	21,607	324,242	3,330	-	11,075
2021	21,692	324,242	3,330	-	11,075
2022-2026	109,878	1,296,968	16,650	-	55,375
2027-2031	111,681	-	16,650	-	55,375
2032-2036	11,449	-	16,650	-	55,375
2037-2041	-	-	16,650	-	55,375
2042-2046	-	-	16,650	-	44,305
2047-2052	-	-	1,656	-	-
	<u>\$ 340,657</u>	<u>\$ 2,918,178</u>	<u>\$ 99,891</u>	<u>\$ 22,875</u>	<u>\$ 321,180</u>

Year Ending December 31	OPWC CQ02E	OPWC CQ02G	OPWC CQ28M	OPWC CQ57L
2017	\$ 17,500	\$ 5,000	\$ 11,567	\$ 3,551
2018	17,500	5,000	11,567	3,551
2019	17,500	5,000	11,567	3,551
2020	17,500	5,000	11,567	3,551
2021	17,500	5,000	5,783	3,551
2022-2026	26,250	20,000	-	17,755
2027-2031	-	-	-	12,422
2032-2036	-	-	-	-
	<u>\$ 113,750</u>	<u>\$ 45,000</u>	<u>\$ 52,051</u>	<u>\$ 47,932</u>

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**11. CONTINGENT LIABILITIES**

The Village is a party to a legal matter seeking damages or injunctive relief and generally incidental to its operations. Although management cannot presently determine the outcome of this matter, management believes that the resolution thereof will not materially adversely affect the Village's financial condition.

Amount grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amount grantors may disallow. However, based on prior experience, management believes any refunds would be material.

**12. RESTATEMENT OF FUND BALANCE**

Beginning fund balance of the General Fund was increased by \$2,248 and the beginning fund balance of the Special Revenue Funds were decreased by \$2,248 due to internal corrections made.

**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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated April 20, 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 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.

*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. 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 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider Finding 2017-001 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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  
April 20, 2018



**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

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

**FINDING NUMBER 2017-001**

**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 (Revised March 2017) 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 2016, an adjustment was made in the Capital Projects Fund for recording Debt Proceeds of \$1,871,071 and a corresponding adjustment to Capital Outlay.

Reclassifications:

- In 2017, a reclassification from Miscellaneous Receipts to Bond Proceeds in the amount of \$1,702,000 and a reclassification of \$1,475,294 to Principal Retirement and \$10,540 to General Government from Capital Outlay in the Capital Projects Fund.
- In 2017, a reclassification of \$1,130,000 from Other Non-Operating Receipts to Debt Proceeds in the Enterprise Fund.
- In 2017 and 2016, reclassifications were made in the amount of \$24,978 and \$24,811, respectively from Property and Other Local Taxes to Intergovernmental Receipts for recording of Rollbacks.
- In 2016, a reclassification from Principal Retirement in the amount of \$7,957 to Interest and Other Fiscal Charges in the Debt Service Fund.

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: Client will make the appropriate adjustments in the future.

**VILLAGE OF JOHNSTOWN  
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2015-001	Material Weakness Bank Reconciliations Financial Statement Presentation	No	Not Corrected: Stated as Finding Number 2017-001 in current report reduced to a significant deficiency Bank Reconciliations are done monthly.
2015-02	ORC 5705.41 (B) Expenditures greater than appropriations	No	Partially Corrected Included in Management Letter



# Dave Yost • Auditor of State

VILLAGE OF JOHNSTOWN

LICKING COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST 16, 2018