



Mary Taylor, CPA
Auditor of State

VILLAGE OF JEWETT
HARRISON COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the Village Council:

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

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

Mary Taylor, CPA
Auditor of State

June 29, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Jewett, Harrison County, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Jewett, Harrison County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

June 29, 2009

VILLAGE OF JEWETT
HARRISON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$18,099	\$25,747		\$43,846
Municipal Income Tax	53,769			53,769
Intergovernmental	34,645	46,593		81,238
Fines, Licenses and Permits	6,182			6,182
Earnings on Investments	3,409	2,624		6,033
Miscellaneous	1,099	1,608	\$12,500	15,207
	117,203	76,572	12,500	206,275
Total Cash Receipts	117,203	76,572	12,500	206,275
Cash Disbursements:				
Current:				
Security of Persons and Property	45,034	7,800		52,834
Leisure Time Activities		17,065		17,065
Transportation		37,248		37,248
General Government	77,720	838		78,558
Debt Service:				
Redemption of Principal	4,930	5,580	11,999	22,509
Interest and Fiscal Charges	728	944	1	1,673
Capital Outlay	7,785	1,010	25,500	34,295
	136,197	70,485	37,500	244,182
Total Cash Disbursements	136,197	70,485	37,500	244,182
Total Receipts Over/(Under) Disbursements	(18,994)	6,087	(25,000)	(37,907)
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes	7,000		25,000	32,000
Sale of Fixed Assets	1,750			1,750
Other Financing Uses	(263)			(263)
	8,487		25,000	33,487
Total Other Financing Receipts / (Disbursements)	8,487		25,000	33,487
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,507)	6,087		(4,420)
Fund Cash Balances, January 1	77,057	38,356	400	115,813
Fund Cash Balances, December 31	\$66,550	\$44,443	\$400	\$111,393

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

**VILLAGE OF JEWETT
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$219,048
Miscellaneous	1,739
	220,787
Total Operating Cash Receipts	220,787
Operating Cash Disbursements:	
Personal Services	38,918
Employee Fringe Benefits	7,047
Contractual Services	28,639
Supplies and Materials	32,724
Other	2,085
	109,413
Total Operating Cash Disbursements	109,413
Operating Income/(Loss)	111,374
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	100
	100
Total Non-Operating Cash Receipts	100
Non-Operating Cash Disbursements:	
Redemption of Principal	49,632
Interest and Other Fiscal Charges	48,339
	97,971
Total Non-Operating Cash Disbursements	97,971
Net Receipts Over/(Under) Disbursements	13,503
Fund Cash Balances, January 1	123,987
Fund Cash Balances, December 31	\$137,490

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

VILLAGE OF JEWETT
HARRISON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$21,459	\$25,426		\$46,885
Municipal Income Tax	51,411			51,411
Intergovernmental	83,640	32,606	\$93,350	209,596
Fines, Licenses and Permits	7,386			7,386
Earnings on Investments	10,947	760		11,707
Miscellaneous		1,055		1,055
Total Cash Receipts	174,843	59,847	93,350	328,040
Cash Disbursements:				
Current:				
Security of Persons and Property	44,265	3,945		48,210
Leisure Time Activities		2,828		2,828
Transportation		40,157		40,157
General Government	82,010			82,010
Debt Service:				
Redemption of Principal	5,197	2,163		7,360
Interest and Fiscal Charges	817	591		1,408
Capital Outlay	2,408	873	109,329	112,610
Total Cash Disbursements	134,697	50,557	109,329	294,583
Total Receipts Over/(Under) Disbursements	40,146	9,290	(15,979)	33,457
Other Financing Receipts / (Disbursements):				
Transfers-In			15,979	15,979
Transfers-Out	(24,979)			(24,979)
Other Financing Sources	3,874	620		4,494
Other Financing Uses	(7,381)			(7,381)
Total Other Financing Receipts / (Disbursements)	(28,486)	620	15,979	(11,887)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	11,660	9,910		21,570
Fund Cash Balances, January 1 (Restated - see note 3)	65,397	28,446	400	94,243
Fund Cash Balances, December 31	\$77,057	\$38,356	\$400	\$115,813

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

**VILLAGE OF JEWETT
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$222,739
Total Operating Cash Receipts	222,739
Operating Cash Disbursements:	
Personal Services	40,480
Employee Fringe Benefits	11,776
Contractual Services	26,233
Supplies and Materials	48,994
Other	3,682
Total Operating Cash Disbursements	131,165
Operating Income/(Loss)	91,574
Non-Operating Cash Receipts:	
Sale of Fixed Assets	4,918
Other Non-Operating Cash Receipts	90
Total Non-Operating Cash Receipts	5,008
Non-Operating Cash Disbursements:	
Capital Outlay	
Redemption of Principal	42,612
Interest and Other Fiscal Charges	49,810
Other Non-Operating Cash Disbursements	2,410
Total Non-Operating Cash Disbursements	94,832
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	1,750
Transfers-In	9,000
Net Receipts Over/(Under) Disbursements	10,750
Fund Cash Balances, January 1	113,237
Fund Cash Balances, December 31	\$123,987

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

**VILLAGE OF JEWETT
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Jewett, Harrison County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

The Village participates in the Ohio Municipal Joint Self-Insurance Pool public entity risk pool. Note 9 to the financial statements provide additional information for this entity. This organization is:

Public Entity Risk Pool:

Ohio Municipal Joint Self-Insurance Pool is an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members.

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

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

D. Fund Accounting

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

1. General Fund

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

**VILLAGE OF JEWETT
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Special Revenue Funds

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

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

3. Capital Project Funds

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

Street Resurfacing CNR10 Fund – This fund receives intergovernmental receipts to resurface village streets.

4. Enterprise Funds

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

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

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

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, 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.

2. Estimated Resources

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

**VILLAGE OF JEWETT
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments 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:

	2008	2007
Demand deposits	\$23,242	\$16,925
Certificates of deposit	50,508	33,567
Total deposits	73,750	50,492
STAR Ohio	175,133	189,308
Total deposits and investments	\$248,883	\$239,800

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

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. RESTATEMENT OF FUND BALANCES

Misstatements noted in the prior audit that were previously designated on the Summary of Unadjusted Differences, materially affected the current beginning fund balances. As a result the following restatement of beginning fund balances was made:

**VILLAGE OF JEWETT
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. RESTATEMENT OF FUND BALANCES - (Continued)

Description	General Fund	Special Revenue
Beginning Fund Balance 1/1/07	\$68,054	\$25,789
Restatement	(2,657)	2,657
Restated Beginning Fund Balance 1/1/07	\$65,397	\$28,446

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,872	\$125,953	\$25,081
Special Revenue	65,319	76,572	11,253
Capital Projects	50,000	37,500	(12,500)
Enterprise	208,919	226,887	17,968
Total	<u>\$425,110</u>	<u>\$466,912</u>	<u>\$41,802</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$184,037	\$136,460	\$47,577
Special Revenue	102,732	70,485	32,247
Capital Projects	50,400	37,500	12,900
Enterprise	333,056	207,384	125,672
Total	<u>\$670,225</u>	<u>\$451,829</u>	<u>\$218,396</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$137,468	\$178,717	\$41,249
Special Revenue	46,595	60,467	13,872
Capital Projects	15,979	109,329	93,350
Enterprise	254,488	236,747	(17,741)
Total	<u>\$454,530</u>	<u>\$585,260</u>	<u>\$130,730</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$200,916	\$167,057	\$33,859
Special Revenue	70,838	50,557	20,281
Capital Projects	16,379	109,329	(92,950)
Enterprise	373,877	225,997	147,880
Total	<u>\$662,010</u>	<u>\$552,940</u>	<u>\$109,070</u>

**VILLAGE OF JEWETT
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. PROPERTY TAX

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

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

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

6. LOCAL INCOME TAX

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

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

7. DEBT

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1994 Waterline Loan	\$9,335	5.50%
1999 Sewer Mortgage Revenue Bonds	\$1,412,000	3.25%
OWDA Loan # 3880	17,500	0.00%
OWDA Loan # 4251	15,741	5.00%
Backhoe Loan	26,529	4.99%
2005 Police Cruiser Loan	6,087	4.875%
Street Project Bank Line of Credit	9,943	4.797%
Total	<u>\$1,497,135</u>	

The 1994 Waterline Loan relates to start up costs associated with the new water/sewer project. The original loan amount was \$156,000 dated September 30, 1994 at 5.5% interest rate. The loan is collateralized by water receipts. This loan is payable in installments of \$1,256.96 per month until paid in full.

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

**VILLAGE OF JEWETT
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. DEBT - (Continued)

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

The OWDA loan # 4251 was for the water system design. A balloon payment is due on July 1, 2010 for the entire loan balance. The interest rate on this loan is 5%. The Village was approved to borrow \$150,800, and to date has drawn down \$15,457 and accrued \$2,284 in capitalized interest less \$2,000 principal payment made during 2008. The amount borrowed is collateralized by water receipts and an amortization schedule has not yet been established.

The original loan amount for the backhoe was \$43,573.40 dated August 25, 2006. The loan is to be paid out of general, street, and water funds. This loan is payable in monthly installments of \$757.02 until paid off in August of 2012. The bank made an error in sending the payment books. The original payment is \$703.04 but the book listed \$757.02. As a result of sending this amount, the Village will pay off the note early. The amount borrowed is collateralized by the backhoe.

The original loan amount for the 2005 police cruiser was \$7,000 dated July 19, 2008. The loan is collateralized by the vehicle and the Village's taxing authority. This loan is payable in monthly installments of \$209.64 until paid off in full on July 19, 2011.

The bank line of credit was approved in 2008 for street projects within the Village. The original amount was \$50,000 at 4.797% interest. The Village has drawn \$25,000 to date which will be repaid in monthly payments set by the Village. No amortization schedule is available for this line of credit. The collateral is the taxing authority of the Village.

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

Year Ending December 31:	Waterline Loan	Sewer Mortgage Revenue Bonds	OWDA Loan # 3880	Backhoe Loan	2005 Police Cruiser Loan
2009	\$9,763	\$73,090	\$2,500	\$9,084	\$2,516
2010		72,906	2,500	9,084	2,516
2011		72,999	2,500	9,084	1,484
2012		72,860	2,500	1,477	
2013		72,995	2,500		
2014-2018		364,799	5,000		
2019-2023		364,713			
2024-2028		364,830			
2029-2033		364,854			
2034-2038		364,675			
2039		72,998			
Total	<u>\$9,763</u>	<u>\$2,261,719</u>	<u>\$17,500</u>	<u>\$28,729</u>	<u>\$6,516</u>

**VILLAGE OF JEWETT
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

8. RETIREMENT SYSTEMS

The Village's full-time police officer belonged to the Police and Fire Pension Fund (OP&F) during 2007 and 2008. The other Village employees belonged to Ohio Public Employee Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

9. RISK MANAGEMENT

Risk Pool Membership

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

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

Members may withdraw at the end of any coverage period upon 60 days' prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$2,405,834	\$2,331,284
Liabilities	<u>(2,877,385)</u>	<u>(3,130,475)</u>
Accumulated deficit	<u>(\$471,551)</u>	<u>(\$799,191)</u>

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Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of Village of Jewett (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 29, 2009 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-002 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe finding number 2008-002 is also a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 29, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 29, 2009.

We intend this report solely for the information and use of management and Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 29, 2009

VILLAGE OF JEWETT
HARRISON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Noncompliance Citation

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

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

1. **Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

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

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

The Village did not post the amount against the applicable appropriation accounts for 70% and 76% of tested expenditures of 2008 and 2007, respectively. The Village did not utilize the certification exceptions described above for those expenditures lacking prior certification.

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

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

FINDING NUMBER 2008-002

Significant Deficiency/Material Weakness

Proper Classification of Receipts and Disbursements

The Village did not correctly code and classify the following receipts and disbursements in 2007 and 2008 which resulted in adjustments and reclassifications. The Village Clerk/Treasurer has agreed to the reclassifications and the adjustments and these corrected amounts are reflected in the accompanying financial statements. The adjustments have also been posted to the Village ledgers.

2008

Fund Name	Account Type	Amount	Description
Adjustments			
General	Interest Receipts	\$696	Not posted on ledgers.
Street Construction, Maintenance, and Repair	Local Taxes	(\$6,533)	Should have been posted in Street Levy Fund
Reclassifications			
General	Sale of Notes	\$7,000	Posted as Miscellaneous
General	Capital Outlay	\$7,000	Posted as Debt - Principal
Street Construction, Maintenance, and Repair	Intergovernmental	\$4,084	Posted as Local Taxes
Street Projects	Sale of Notes	\$25,000	Posted as Miscellaneous

2007

Fund Name	Account Type	Amount	Description
Adjustments			
Street Project	Intergovernmental	\$93,350	To post Ohio Public Works Commission receipts.
Street Project	Capital Outlay	\$93,350	To post Ohio Public Works Commission expenditures.
Reclassifications			
General	Intergovernmental	\$55,483	Posted as Local Taxes
General	Debt – Principal	\$5,197	Posted as General Government
General	Debt - Interest	\$817	Posted as General Government
Street Construction, Maintenance, & Repair	Intergovernmental	\$3,326	Posted as Local Taxes

**FINDING NUMBER 2008-002
(Continued)**

Street Construction, Maintenance, and Repair	Debt – Principal	\$2,163	Posted as Transportation
Street Construction, Maintenance, and Repair	Debt – Interest	\$591	Posted as Transportation
State Highway	Intergovernmental	\$253	Posted as Local Taxes
Water Operating	Sale of Fixed Assets	\$4,918	Posted as Charges for Services
Water Operating	Debt – Principal	\$2,406	Posted as Capital Outlay
Water Operating	Debt – Principal	\$2,500	Posted as Contractual Services
Water Operating	Debt – Interest	\$622	Posted as Capital Outlay
Water Loan	Charges for Services	\$2,498	Posted as Other Operating Miscellaneous Revenue
Water Loan	Debt – Interest	\$1,582	Posted as Debt – Principal
Sewer Mortgage	Charges for Services	\$5,142	Posted as Other Operating Miscellaneous Revenue
Sewer Mortgage	Debt – Interest	\$47,567	Posted as Debt – Principal
Sewer Reserve Fund	Charges for Services	\$1,218	Posted as Other Operating Miscellaneous Revenue

Failure to consistently follow a uniform chart of accounts increases the possibility that the Village will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The Village Clerk/Treasurer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability.

All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported. In addition, the Village should adopt procedures for the review of posting of transactions and subsequent posting to the financial statements.

Officials' Response:

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

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**VILLAGE OF JEWETT
HARRISON COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Revised Code Section 5705.41(D) Disbursements were not properly certified.	No	Repeated as Finding number 2008-001.
2006-002	Significant deficiency for the proper classification of receipts and disbursements.	No	Repeated as Finding number 2008-002.



Mary Taylor, CPA
Auditor of State

VILLAGE OF JEWETT

HARRISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 30, 2009**