

**VILLAGE OF JEWETT**

**AUDIT REPORT**

**JANUARY 1, 2015 - DECEMBER 31, 2016**

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





# Dave Yost • Auditor of State

Village Council  
Village of Jewett  
PO Box 192  
Jewett, Ohio 43986

We have reviewed the *Independent Auditor's Report* of the Village of Jewett, Harrison County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2015 through December 31, 2016. 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 Jewett 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 23, 2017

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**VILLAGE OF JEWETT  
HARRISON COUNTY  
JANUARY 1, 2015 - DECEMBER 31, 2016**

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

**INDEPENDENT AUDITORS' REPORT**

Village of Jewett  
Harrison County  
P.O. Box 192  
Jewett, Ohio 43986

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 Jewett, Harrison County, as of and for the years ended December 31, 2016 and 2015.

**Management's Responsibility For the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial 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 Jewett as of December 31, 2016 and 2015, 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 Jewett, Harrison County as of December 31, 2016 and 2015, 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 June 20, 2017, on our consideration of the Village of Jewett's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 20, 2017



**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, 2016**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Taxes	\$ 24,467	\$ 30,760	\$ 55,227
Municipal Income Tax	83,951	-	83,951
Intergovernmental	32,314	31,499	63,813
Charges for Services	-	1,725	1,725
Fines, Licenses, Permits	25,191	-	25,191
Earnings on Investments	27	77	104
Miscellaneous	1,252	15,420	16,672
<b>Total Cash Receipts</b>	<u>167,202</u>	<u>79,481</u>	<u>246,683</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	49,687	9,799	59,486
Leisure Time Activities	-	6,290	6,290
Transportation	-	81,939	81,939
General Government	90,871	1,067	91,938
Capital Outlay	370	-	370
Debt Service:			
Principal Retirement	8,924	7,521	16,445
Interest and Fiscal Charges	400	1,069	1,469
<b>Total Cash Disbursements</b>	<u>150,252</u>	<u>107,685</u>	<u>257,937</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	16,950	(28,204)	(11,254)
<b>Other Cash Financing Sources (Uses)</b>			
Other Financing Sources	448	3,251	3,699
Other Financing Uses	(27,868)	-	(27,868)
<b>Total Other Cash Financing Sources (Uses)</b>	<u>(27,420)</u>	<u>3,251</u>	<u>(24,169)</u>
<b>Net Change in Fund Cash Balance</b>	(10,470)	(24,953)	(35,423)
<b>Fund Cash Balances, January 1</b>	<u>95,291</u>	<u>109,556</u>	<u>204,847</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	84,603	84,603
Unassigned (Deficit)	84,821	-	84,821
<b>Fund Cash Balances, December 31</b>	<u>\$ 84,821</u>	<u>\$ 84,603</u>	<u>\$ 169,424</u>

See notes to financial statements.

**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, 2015**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Taxes	\$ 23,737	\$ 32,145	\$ 55,882
Municipal Income Tax	63,035	-	63,035
Intergovernmental	28,533	29,823	58,356
Charges for Services	-	2,075	2,075
Fines, Licenses, Permits	23,024	-	23,024
Earnings on Investments	44	129	173
Miscellaneous	1,698	20,109	21,807
<b>Total Cash Receipts</b>	<u>140,071</u>	<u>84,281</u>	<u>224,352</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	51,714	8,479	60,193
Leisure Time Activities	-	5,518	5,518
Transportation	-	44,473	44,473
General Government	87,964	1,179	89,143
Capital Outlay	24,022	-	24,022
Debt Service:			
Principal Retirement	5,842	7,268	13,110
Interest and Fiscal Charges	1,151	1,011	2,162
<b>Total Cash Disbursements</b>	<u>170,693</u>	<u>67,928</u>	<u>238,621</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	(30,622)	16,353	(14,269)
<b>Other Cash Financing Sources (Uses)</b>			
Sale of Notes	27,000	-	27,000
Sale of Capital Assets	-	500	500
Other Financing Sources	5,714	29,200	34,914
<b>Total Other Cash Financing Sources (Uses)</b>	<u>32,714</u>	<u>29,700</u>	<u>62,414</u>
<b>Net Change in Fund Cash Balance</b>	2,092	46,053	48,145
<b>Fund Cash Balances, January 1</b>	<u>93,199</u>	<u>63,503</u>	<u>156,702</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	109,556	109,556
Unassigned (Deficit)	95,291	-	95,291
<b>Fund Cash Balances, December 31</b>	<u>\$ 95,291</u>	<u>\$ 109,556</u>	<u>\$ 204,847</u>

See notes to financial statements.

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Enterprise Fund	
	2016	2015
<b>Operating Cash Receipts:</b>		
Charges for Services	\$ 289,159	\$ 274,735
Miscellaneous	1,498	1,344
<b>Total Operating Cash Receipts:</b>	290,657	276,079
<b>Operating Cash Disbursements:</b>		
Personal Services	66,240	70,195
Fringe Benefits	11,105	12,475
Contractual Services	78,047	120,416
Supplies and Materials	22,938	16,216
Other	5,794	4,123
<b>Total Operating Cash Disbursements</b>	184,124	223,425
<b>Operating Income</b>	106,533	52,654
<b>Non-Operating Receipts/(Disbursements)</b>		
Sale of Notes	-	76,272
Capital Outlay	(5,000)	(46,557)
Principal Retirement	(46,946)	(49,573)
Interest and Other Fiscal Charges	(40,300)	(41,468)
<b>Total Non-Operating Receipts/(Disbursements)</b>	(92,246)	(61,326)
<b>Income (Loss) before Capital Contributions, Special Item Extraordinary Item, Transfers and Advances</b>	14,287	(8,672)
<b>Capital Contribution</b>	1,569	40,000
<b>Net Change in Cash Fund Balance</b>	15,856	31,328
<b>Fund Cash Balances, January 1</b>	327,367	296,039
<b>Fund Cash Balances, December 31</b>	\$ 343,223	\$ 327,367

See notes to financial statements.

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**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 Jewett, Harrison County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities, park operations, street repair and maintenance and police protection. The Village contracts with Jewett Volunteer Fire Department to provide fire protection services.

The Village participates in public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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 Funds.

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

**Street Levy Fund** – This fund receives local tax and intergovernmental receipts for maintenance of Village streets.

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 water service costs.

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

***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.

**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 and 2015 budgetary activity appears in Note 4.

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

**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.

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**3. COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.41 (D), the Village had expenditures made prior to certification on 13% of disbursements tested.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2016 and 2015 is as follows:

<b>2016 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 159,795	\$ 167,650	\$ 7,855
Special Revenue	80,837	82,732	1,895
Enterprise	281,600	292,226	10,626
Total	<u>\$ 522,232</u>	<u>\$ 542,608</u>	<u>\$ 20,376</u>

<b>2016 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 209,000	\$ 178,120	\$ 30,880
Special Revenue	144,500	107,685	36,815
Enterprise	428,600	276,370	152,230
Total	<u>\$ 782,100</u>	<u>\$ 562,175</u>	<u>\$ 219,925</u>

<b>2015 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 135,445	\$ 172,785	\$ 37,340
Special Revenue	101,960	113,981	12,021
Enterprise	377,153	392,351	15,198
Total	<u>\$ 614,558</u>	<u>\$ 679,117</u>	<u>\$ 64,559</u>

<b>2015 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 207,500	\$ 170,693	\$ 36,807
Special Revenue	111,000	67,928	43,072
Enterprise	519,370	361,023	158,347
Total	<u>\$ 837,870</u>	<u>\$ 599,644</u>	<u>\$ 238,226</u>

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**5. 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:

	2016	2015
Demand Deposits	\$ 459,475	\$ 479,042
Certificates of Deposit	53,172	53,172
Total Deposits	<u>\$ 512,647</u>	<u>\$ 532,214</u>

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

**6. 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.

**7. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.0 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.



**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**8. RISK MANAGEMENT**

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 Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members’ deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2016, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2016 and 2015 (the latest information available).

	2016	2015
Assets	\$1,272,799	\$1,339,719
Liabilities	(821,016)	(1,051,927)
Accumulated Surplus	\$ 451,783	\$ 287,792

**9. DEFINED BENEFIT PENSION PLAN**

*Ohio Public Employees Retirement System*

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 and 2015, 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.

**10. POSTEMPLOYMENT BENEFITS**

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

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**11. DEBT**

Debt outstanding at December 31, 2016 was as follows:

	2016 Principal	%
1999 Sewer Mortgage Revenue Bonds	\$ 1,169,000	3.25
OWDA 6100	33,008	2.00
OWDA 7454	52,110	0.81
Citizens National Bank John Deere Tractor	2,767	3.09
Citizens National Bank Ford F150 Truck	2,392	4.15
Citizens National Bank Valve Exercisor	12,419	2.27
Citizens National Bank Police Cruiser	12,227	2.27
Total	\$ 1,283,923	

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 of Series A and B were \$1,454,000 and \$125,000, respectively, dated October 28, 1999. The bonds are to be paid off in annual installments from 2002 through 2039. The bonds are collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the debt service requirements and paid from the Sewer Sinking Fund and Sewer Fund.

The Ohio Water Development Authority (OWDA) loan 6100 relates to a Water Reaction Tank Replacement project. The original loan was for \$40,833 at 2.00% interest for 20 years. The loan will be repaid in semiannual payments of \$1,244 starting January 1, 20013. The Village has agreed to raise utility rates to cover the payments of the debt and its paid from the Water and Water Reserve Funds.

The Ohio Water Development Authority (OWDA) loan 7454 relates to a Water Storage Tank and System Improvements. The original loan is for \$216,468 with 51,110 drawn on the loan through December 31, 2016. The loan bears interest of .81%. No amortization schedule has been established as of December 31, 2016.

In 2013, the Village entered into a loan agreement with The Citizens National Bank to purchase a Ford F150 Truck. The loan was for \$10,200 and will be repaid in monthly installments over five years with an interest rate of 4.15%. The truck collateralizes the loan and is repaid from the Street Levy Fund.

In 2014, the Village entered into a loan agreement with The Citizens National Bank to purchase a John Deere Tractor. The loan was for \$15,972 and will be repaid in monthly installments over three years with an interest rate of 3.09%. The tractor collateralizes the loan and is repaid from the Street Fund and Sewer Fund.

In 2015, the Village entered into a loan agreement with The Citizens National Bank to purchase a Valve Exercisor. The loan was for \$21,000 and will be repaid in monthly installments over three years with an interest rate of 2.27%. The valve exercisor collateralizes the loan and is repaid from the Water Fund and Water Reserve Fund.

In 2015, the Village entered into a loan agreement with The Citizens National Bank to purchase a Police Cruiser. The loan was for \$27,000 and will be repaid in monthly installments over three years with an interest rate of 2.27%. The cruiser collateralizes the loan and is repaid from the General Fund.

**VILLAGE OF JEWETT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**11. DEBT (Continued)**

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

<u>Year</u>	<u>Sewer Bonds</u>	<u>OWDA 6100</u>	<u>John Deere Tractor</u>	<u>Valve Exercisor</u>
2017	\$ 72,957	\$ 2,487	\$ 2,793	\$ 7,251
2018	72,957	2,487	-	5,427
2019	72,957	2,487	-	-
2020	72,957	2,487	-	-
2021	72,957	2,487	-	-
2022-2026	364,785	12,435	-	-
2027-2031	364,785	12,435	-	-
2032- 2027-2031	364,785 291,828	1,244 -	- -	- -
Total	<u>\$ 1,750,968</u>	<u>\$ 38,549</u>	<u>\$ 2,793</u>	<u>\$ 12,678</u>

<u>Year</u>	<u>Ford F150</u>	<u>Police Cruiser</u>
2017	\$ 2,205	\$ 9,318
2018	188	3,106
2019	-	-
2020	-	-
2021	-	-
2022-2026	-	-
2027-2031	-	-
2032- 2027-2031	- -	- -
Total	<u>\$ 2,393</u>	<u>\$ 12,424</u>

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

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

Village of Jewett  
Harrison County  
P.O. Box 192  
Jewett, Ohio 43986

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 Jewett, Harrison County as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 20, 2017, 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 Jewett'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 2016-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village of Jewett'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*.

***Purpose of this Report***

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

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 20, 2017

**VILLAGE OF JEWETT  
HARRISON COUNTY**

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

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

**FINDING NUMBER 2016-001**

**Significant Deficiency**

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

As a result of audit procedures, errors were noted that required reclassification and adjustments to the financial statement as follows:

- In 2015, Sale of Notes were increased by \$23,227 in the General Fund and Capital Outlay was increased by \$23,227 to properly record a debt issuance.
- In 2015, a reclassification of \$790 was made to decrease Principal Retirement and increase Interest and Other Fiscal Charges in the General Fund.
- In 2015, a reclassification of \$419 was made to decrease Principal Retirement and increase Interest and Other Fiscal Charges in the Street Levy Fund.
- In 2015, Sale of Notes were decreased by \$14,443 in the Enterprise Fund and Capital Outlay was decreased by \$14,443 to properly record a debt issuance.
- In 2016, a reclassification of \$823 was made to decrease Principal Retirement and increase Interest and Other Fiscal Charges in the Street Levy Fund.

Sound financial reporting is the responsibility of the Village and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Client Response: We received no response from client.



# Dave Yost • 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  
SEPTEMBER 5, 2017