



**VILLAGE OF THORNVILLE
PERRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF THORNVILLE
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Thornville
Perry County
3 South Main Street
P.O. Box 607
Thornville, Ohio 43076

To the Village Council:

We have audited the accompanying financial statements of the Village of Thornville, Perry County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Thornville, Perry County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2000, 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 grants.

This report is intended solely for the information and use of the management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 16, 2000

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**VILLAGE OF THORNVILLE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 68,600	\$ 47,496	\$	\$ 116,096
Intergovernmental Receipts	33,187	66,974		100,161
Fines, Licenses, and Permits	4,553	9,968		14,521
Miscellaneous	12,817	2,825		15,642
Total Cash Receipts	<u>119,157</u>	<u>127,263</u>	<u>0</u>	<u>246,420</u>
Cash Disbursements:				
Current:				
Security of Persons and Property		27,616		27,616
Leisure Time Activities		5,505		5,505
Basic Utility Services	8,577			8,577
Transportation		20,965		20,965
General Government	61,417			61,417
Debt Service:				
Principal Payments		11,791		11,791
Interest Payments		1,009		1,009
Capital Outlay		31,848		31,848
Total Cash Disbursements	<u>69,994</u>	<u>98,734</u>	<u>0</u>	<u>168,728</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>49,163</u>	<u>28,529</u>	<u>0</u>	<u>77,692</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	50	1,000		1,050
Transfers-Out	(1,000)		(50)	(1,050)
Total Other Financing Receipts/(Disbursements)	<u>(950)</u>	<u>1,000</u>	<u>(50)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>48,213</u>	<u>29,529</u>	<u>(50)</u>	<u>77,692</u>
Fund Cash Balances, January 1	<u>137,682</u>	<u>22,692</u>	<u>50</u>	<u>160,424</u>
Fund Cash Balances, December 31	<u>\$ 185,895</u>	<u>\$ 52,221</u>	<u>\$ 0</u>	<u>\$ 238,116</u>

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

**VILLAGE OF THORNVILLE
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$ 266,459	\$	\$	\$ 266,459
Miscellaneous	12,350			12,350
Total Operating Cash Receipts	<u>278,809</u>	<u>0</u>	<u>0</u>	<u>278,809</u>
Operating Cash Disbursements:				
Personal Services	68,026			68,026
Contractual Services	17,936			17,936
Supplies and Materials	58,955			58,955
Capital Outlay	105,175			105,175
Total Operating Cash Disbursements	<u>250,092</u>	<u>0</u>	<u>0</u>	<u>250,092</u>
Operating Income/(Loss)	<u>28,717</u>	<u>0</u>	<u>0</u>	<u>28,717</u>
Non-Operating Cash Receipts:				
Proceeds from Notes and Bonds	86,529			86,529
Other Non-Operating Cash Receipts	7,367	28	14,445	21,840
Total Non-Operating Cash Receipts	<u>93,896</u>	<u>28</u>	<u>14,445</u>	<u>108,369</u>
Non-Operating Cash Disbursements:				
Debt Service	4,984			4,984
Other Non-Operating Cash Disbursements	262		15,238	15,500
Total Non-Operating Cash Disbursements	<u>5,246</u>	<u>0</u>	<u>15,238</u>	<u>20,484</u>
Net Receipts Over/(Under) Disbursements	117,367	28	(793)	116,602
Fund Cash Balances, January 1	<u>377,373</u>	<u>1,474</u>	<u>1,036</u>	<u>379,883</u>
Fund Cash Balances, December 31	<u>\$ 494,740</u>	<u>\$1,502</u>	<u>\$ 243</u>	<u>\$ 496,485</u>

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

**VILLAGE OF THORNVILLE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 48,432	\$ 36,017	\$	\$ 84,449
Intergovernmental Receipts	40,234	46,068		86,302
Fines, Licenses, and Permits	4,283	25		4,308
Miscellaneous	19,115	3,703		22,818
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	112,064	85,813	0	197,877
Cash Disbursements:				
Current:				
Security of Persons and Property	1,626	22,702		24,328
Leisure Time Activities	9,000	4,778		13,778
Basic Utility Services	7,047			7,047
Transportation		49,107		49,107
General Government	64,296			64,296
Debt Service:				
Principal Payments		3,214		3,214
Interest Payments		1,010		1,010
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	81,969	80,811	0	162,780
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	30,095	5,002	0	35,097
Other Financing Receipts/(Disbursements):				
Transfers-In		4,069		4,069
Transfers-Out	(5,069)			(5,069)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(5,069)	4,069	0	(1,000)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	25,026	9,071	0	34,097
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	112,656	13,621	50	126,327
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 137,682	\$ 22,692	\$ 50	\$ 160,424

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

**VILLAGE OF THORNVILLE
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$ 243,743	\$	\$	\$ 243,743
Total Operating Cash Receipts	<u>243,743</u>	<u>0</u>	<u>0</u>	<u>243,743</u>
Operating Cash Disbursements:				
Personal Services	54,593			54,593
Travel Transportation	917			917
Contractual Services	43,333			43,333
Supplies and Materials	43,930			43,930
Capital Outlay	26,584			26,584
Total Operating Cash Disbursements	<u>169,357</u>	<u>0</u>	<u>0</u>	<u>169,357</u>
Operating Income/(Loss)	<u>74,386</u>	<u>0</u>	<u>0</u>	<u>74,386</u>
Non-Operating Cash Receipts:				
Proceeds from Notes and Bonds	16,733			16,733
Other Non-Operating Cash Receipts	5,337	37	5,307	10,681
Total Non-Operating Cash Receipts	<u>22,070</u>	<u>37</u>	<u>5,307</u>	<u>27,414</u>
Non-Operating Cash Disbursements:				
Debt Service	38,004			38,004
Other Non-Operating Cash Disbursements			5,014	5,014
Total Non-Operating Cash Disbursements	<u>38,004</u>	<u>0</u>	<u>5,014</u>	<u>43,018</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	58,452	37	293	58,782
Transfers-In	1,000			1,000
Net Receipts Over/(Under) Disbursements	59,452	37	293	59,782
Fund Cash Balances, January 1	317,921	1,437	743	320,101
Fund Cash Balances, December 31	<u>\$ 377,373</u>	<u>\$1,474</u>	<u>\$ 1,036</u>	<u>\$ 379,883</u>

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

**VILLAGE OF THORNVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Thornville, Perry County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council, Mayor and Clerk. The Village provides general governmental services, including maintenance of streets and state highways, recreation services, police protection and water and sewer utility services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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 to construct, maintain and repair Village streets.

State Highway Improvement Fund - This fund receives gasoline tax and motor vehicle license tax money to construct, maintain and repair Village streets.

Parks and Recreation Fund - This fund receives money from donations and is used to maintain the Village park.

Police Fund - This fund receives tax revenue and revenue from fines, licenses and permits to operate the Village's police department.

**VILLAGE OF THORNVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Projects Fund

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 Capital Projects Fund:

Capital Improvement Fund - This fund receives transfers from the General Fund for the purchase of fixed assets.

4. 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.

Swimming Pool Fund - This fund receives charges for services for swimming pool privileges during the summer.

5. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. Other trust funds are classified as Expendable. Funds for which the Village is acting in an agency capacity are classified as Agency Funds. The Village had the following significant Fiduciary Funds:

Cemetery Bequest Fund - This fund accounts for the principal and interest invested for the maintenance and care of specific cemetery plots and is classified as a Nonexpendable Trust Fund.

Mayor's Court Fund - This fund accounts for the financial activity of Mayor's court and is classified as an Agency Fund.

D. Budgetary Process

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

**VILLAGE OF THORNVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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 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 balances as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. 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>1999</u>	<u>1998</u>
Demand deposits	\$ 570,211	\$ 314,915
Certificates of Deposit	<u>164,390</u>	<u>225,392</u>
Total Deposits	<u>\$ 734,601</u>	<u>\$ 540,307</u>

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

VILLAGE OF THORNVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 95,719	\$ 119,207	\$ 23,488
Special Revenue	89,710	128,263	38,553
Capital Projects	0	0	0
Enterprise	156,000	372,705	216,705
Nonexpendable Trust	0	28	28
Total	<u>\$ 341,429</u>	<u>\$ 620,203</u>	<u>\$ 278,774</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 133,045	\$ 70,994	\$ 62,051
Special Revenue	123,703	98,734	24,969
Capital Projects	25,080	50	25,030
Enterprise	415,037	255,338	159,699
Nonexpendable Trust	0	0	0
Total	<u>\$ 696,865</u>	<u>\$ 425,116</u>	<u>\$ 271,749</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 77,368	\$ 112,064	\$ 34,696
Special Revenue	88,910	89,882	972
Capital Projects	0	0	0
Enterprise	221,000	266,813	45,813
Nonexpendable Trust	0	37	37
Total	<u>\$ 387,278</u>	<u>\$ 468,796</u>	<u>\$ 81,518</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 109,356	\$ 87,038	\$ 22,318
Special Revenue	113,486	80,811	32,675
Capital Projects	24,450	0	24,450
Enterprise	357,285	207,361	149,924
Nonexpendable Trust	1,436	0	1,436
Total	<u>\$ 606,013</u>	<u>\$ 375,210</u>	<u>\$ 230,803</u>

**VILLAGE OF THORNVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Appropriations exceeded estimated resources in 1999 in the Sewer Fund and Capital Equipment Fund, and in 1998 in the General Fund and Capital Equipment Fund, contrary to Ohio law.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements 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 December 31. The second half payment is due the following June 20.

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

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.

5. DEBT

Debt outstanding at December 31, 1999, was as follows:

	Principal	Interest Rate
General Obligation Notes	\$ 4,960	6.75%
OWDA Planning Loan	118,776	6.58%
Mortgage Revenue Bonds	49,000	4.75%
Total	\$ 172,736	

The general obligation notes relate to two separate notes issued for the purchase of a fire truck and a loader for the Village. These notes are collateralized by the equipment purchased. The OWDA planning loan was authorized in 1994 for the initial planning of the wastewater treatment plant construction. This loan was due in full on July 1, 1999, but OWDA permitted the principal and accumulated interest balance to be consolidated into a subsequent construction loan from OWDA (see Note 8). The mortgage revenue bonds relate to sewer construction.

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

VILLAGE OF THORNVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. DEBT (Continued)

Year ending December 31:	General Obligation Notes	OWDA Planning Loan	Mortgage Revenue Bonds
2000	\$ 5,295	\$ 128,741	\$ 11,114
2001	0	0	10,686
2002	0	0	11,235
Subsequent	0	0	22,021
Total	<u>\$ 5,295</u>	<u>\$ 128,741</u>	<u>\$ 55,056</u>

The Village also had a lease relating to the purchase of a police cruiser on June 28, 1999. The lease purchase agreement required two annual payments of \$8,577, followed by one final payment of \$8,577, all of which include interest. The balance outstanding on December 31, 1999, was \$17,154.

6. RETIREMENT SYSTEM

All of the Village's employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates for are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- General liability and casualty
- Public official's liability
- Vehicle
- Property

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

8. SUBSEQUENT EVENTS

On June 29, 2000, the Ohio Water Development Authority (OWDA) approved a loan to the Village in the amount of \$2,415,000 for wastewater treatment plant construction. This loan was issued for twenty-five years at a rate of 6.39%, with the first payment due on July 1, 2001. Total project costs are estimated at \$2,535,000 and should be completed within one year from the start of construction. As part of the loan from OWDA, a previous issued planning loan of \$133,142 (including accumulated interest through June 29, 2000) was consolidated into the construction loan. The construction loan will be repaid from sewer utility revenue. The Village increased the minimum sewer utility billing rate by 25% effective May 1, 1999.



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OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Thornville
Perry County
3 South Main Street
P.O. Box 607
Thornville, Ohio 43076

To the Village Council:

We have audited the accompanying financial statements of the Village of Thornville, Perry County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated October 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-31064-001 to 1999-31064-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 16, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely effect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-31064-005.

**Internal Control Over Financial Reporting
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated October 16, 2000.

This report is intended for the information and use of the management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 16, 2000

**VILLAGE OF THORNVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-31064-001

Finding For Recovery

The Village adopted Ordinance 97-09 on November 5, 1997, setting the compensation for various officials of the Village for 1998. In Section 12 of Ordinance 97-09, the compensation of the Pool Manager for 1998 was established at \$3,975.

During 1998, Nancy Fox, Pool Manager, was paid \$4,375 by the Village Clerk, resulting in an over payment of \$400.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Nancy Fox, Pool Manager, and her bonding company, the Ohio Government Risk Management Plan, jointly and severally, in the amount of \$400 and in favor of the Village of Thornville's Swimming Pool Fund.

FINDING NUMBER 1999-31064-002

Noncompliance Citation

Ohio Rev. Code Section 5705.39 requires that the total appropriation from each fund not exceed the total estimated resources.

For the year ended December 31, 1999, appropriations exceeded estimated resources as follows:

1999 Estimated Resources vs. Appropriations			
Fund	Estimated Resources	Appropriation Authority	Variance
Sewer Fund	182,165	197,165	(15,000)
Capital Equipment Fund	0	25,080	(25,080)

For the year ended December 31, 1998, appropriations exceeded estimated resources as follows:

1998 Estimated Resources vs. Appropriations			
Fund	Estimated Resources	Appropriation Authority	Variance
General	\$ 83,356	\$ 109,356	\$ (26,000)
Capital Equipment Fund	0	24,450	(24,450)

We recommend Village Council not approve appropriations in excess of total estimated resources.

**VILLAGE OF THORNVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-31064-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This Section also provides two "exceptions" to the above requirements:

- A. "Then and Now" Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, Council 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.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Council.

The Village did not receive certification of the availability of funds for expenditures from the Clerk prior to incurring obligations.

We recommend the Clerk make the necessary certifications before officials or employees make purchases.

FINDING NUMBER 1999-31064-004

Noncompliance Citation

Ohio Rev. Code Section 5705.38 requires that, on or about the first day of each fiscal year, an appropriation measure be adopted. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting ordinary expenses until April 1.

The Village did not adopt an annual appropriation measure for 1999 until March 8, 1999. The Village did not pass a temporary appropriation measure. As a result, the Village expended money during part of 1999 without a properly approved appropriation measure.

We recommend the Village complete and adopt an annual appropriation measure on or about the first day of each fiscal year or adopt a temporary appropriation measure before the expenditure of any money.

**VILLAGE OF THORNVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-31064-005

Material Weakness

Bank reconciliations were not properly performed for any month in the audit period. As a result, the Village's cashbook was not in balance with the depository. This resulted in additional audit fees and could allow errors and irregularities to occur and go undetected.

We recommend the Village Clerk prepare a monthly bank reconciliation report and that it be presented to Council or the Finance Committee. The report should include documentation for all reconciling items, including an outstanding check list.

**VILLAGE OF THORNVILLE
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1997-31064-001	A finding for recovery was issued against a prior Village Clerk for the overpayment of \$973.87 in salary.	No	Finding No Longer Valid: The Village Council declined to pursue the matter.
1997-31064-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for not receiving certification of the availability of funds for expenditures from the Clerk prior to incurring an obligation.	No	Not Corrected: This is repeated in the Schedule of Findings as item 1999-31064-003.
1997-31064-003	A reportable condition was issued because inventories or other records for the sale of concessions at the swimming pool were not maintained.	Corrected	N/A



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VILLAGE OF THORNVILLE

PERRY 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
NOVEMBER 28, 2000**