

**VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2000 and 1999

AARON REEDY, CLERK/TREASURER



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of Council and Mayor
Village of Thurston
Thurston, Ohio

We have reviewed the Independent Auditor's Report of the Village of Thurston, Fairfield County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 1999 to December 31, 2000. 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 Thurston is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

May 16, 2001

**VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO**

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Independent Auditor's Report

Members of Council and Mayor
Village of Thurston
2115 Main Street
Thurston, Ohio 43157

We have audited the accompanying financial statements of the Village of Thurston, Fairfield County, Ohio, as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village of Thurston'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 2, the Village of Thurston prepares its financial statements on the basis of accounting prescribed or permitted by 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 cash balances and fund balances of the Village of Thurston, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 2, 2001, on our consideration of the Village of Thurston's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.
March 2, 2001

**VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF CASH
FUND BALANCES - ALL FUND TYPES
DECEMBER 31, 2000 AND 1999

	2000	1999
<u>Cash and Investments</u>		
Cash and Cash Equivalents	\$ 68,014	\$ 217,609
Investments	194,301	-
Total Cash and Investments	\$ 262,315	\$ 217,609
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 64,818	\$ 56,280
Special Revenue Funds	117,143	83,198
Total Governmental Fund Types	181,961	139,478
 <u>Proprietary Fund Type:</u>		
Enterprise Funds	80,354	78,131
Total Fund Balances	\$ 262,315	\$ 217,609

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 6,835	\$ 3,816	\$ 10,651
Intergovernmental	21,738	18,550	40,288
Charges for services	-	70,600	70,600
Fines, licenses, and permits	1,546	-	1,546
Interest	2,788	3,548	6,336
Contributions and donations	-	20,000	20,000
Miscellaneous	473	6,549	7,022
Total cash receipts	<u>33,380</u>	<u>123,063</u>	<u>156,443</u>
Cash disbursements:			
Current:			
Security of persons and property	3,267	31,821	35,088
Public health services	767	-	767
Community environment	470	-	470
Basic utility services	1,747	-	1,747
Transportation	-	4,867	4,867
General government	18,591	-	18,591
Capital outlay	-	52,430	52,430
Total cash disbursements	<u>24,842</u>	<u>89,118</u>	<u>113,960</u>
Total cash receipts over cash disbursements	8,538	33,945	42,483
Cash fund balances, January 1, 2000	<u>56,280</u>	<u>83,198</u>	<u>139,478</u>
Cash fund balances, December 31, 2000	<u>\$ 64,818</u>	<u>\$ 117,143</u>	<u>\$ 181,961</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY FUND
TYPE AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating cash receipts:			
Interest	\$ 4,135	\$ -	\$ 4,135
Charges for services	70,291	-	70,291
Other miscellaneous	435	-	435
Total operating cash receipts	<u>74,861</u>	<u>-</u>	<u>74,861</u>
Operating cash disbursements:			
Personal services and employee benefits	3,593	-	3,593
Contractual services	48,435	-	48,435
Supplies and material	2,195	-	2,195
Miscellaneous	2,080	-	2,080
Total operating cash disbursements	<u>56,303</u>	<u>-</u>	<u>56,303</u>
Operating income	<u>18,558</u>	<u>-</u>	<u>18,558</u>
Nonoperating cash receipts/(disbursements):			
Other financing sources	4,974	58,211	63,185
Debt service:			
Principal	(13,974)	-	(13,974)
Interest	(7,335)	-	(7,335)
Other financing uses	-	(58,211)	(58,211)
Total nonoperating cash receipts/(disbursements)	<u>(16,335)</u>	<u>-</u>	<u>(16,335)</u>
Net of cash receipts over cash disbursements before interfund transfers	2,223	-	2,223
Transfers in	16,188	-	16,188
Transfers out	<u>(16,188)</u>	<u>-</u>	<u>(16,188)</u>
Net receipts over disbursements	2,223	-	2,223
Cash fund balances, January 1, 2000	<u>78,131</u>	<u>-</u>	<u>78,131</u>
Cash fund balances, December 31, 2000	<u>\$ 80,354</u>	<u>\$ -</u>	<u>\$ 80,354</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2000**

Fund Types	Receipts					Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2000 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2000 Appropriations	Total	Actual 2000 Disbursements	Encumbrances Outstanding at 12/31/00		Total
Governmental:												
General	\$ 56,280	\$ 30,000	\$ 86,280	\$ 33,380	\$ 3,380	\$ -	\$ 63,510	\$ 63,510	\$ 24,842	\$ -	\$ 24,842	\$ 38,668
Special Revenue	83,198	89,750	172,948	123,063	33,313	-	164,136	164,136	89,118	-	89,118	75,018
Proprietary:												
Enterprise	76,810	88,200	165,010	96,023	7,823	-	135,300	135,300	93,800	-	93,800	41,500
Total	\$ 216,288	\$ 207,950	\$ 424,238	\$ 252,466	\$ 44,516	\$ -	\$ 362,946	\$ 362,946	\$ 207,760	\$ -	\$ 207,760	\$ 155,186

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 6,068	\$ 3,914	\$ 9,982
Intergovernmental	22,413	91,653	114,066
Charges for services	-	64,200	64,200
Fines, licenses, and permits	1,777	-	1,777
Interest	2,013	2,250	4,263
Refund	1,309	-	1,309
Miscellaneous	1,419	3,264	4,683
Total cash receipts	<u>34,999</u>	<u>165,281</u>	<u>200,280</u>
Cash disbursements:			
Current:			
Security of persons and property	2,279	79,040	81,319
Basic utility services	1,714	-	1,714
Transportation	-	5,113	5,113
General government	30,195	-	30,195
Capital outlay	-	97,051	97,051
Total cash disbursements	<u>34,188</u>	<u>181,204</u>	<u>215,392</u>
Total cash receipts over/(under) cash disbursements	811	(15,923)	(15,112)
Cash fund balances, January 1, 1999	<u>55,469</u>	<u>99,121</u>	<u>154,590</u>
Cash fund balances, December 31, 1999	<u>\$ 56,280</u>	<u>\$ 83,198</u>	<u>\$ 139,478</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY FUND
TYPE AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Interest	\$ 3,769	\$ -	\$ 3,769
Charges for services	68,949	-	68,949
Other miscellaneous	3,710	-	3,710
Total operating cash receipts	76,428	-	76,428
Operating cash disbursements:			
Personal services and employee benefits	2,690	-	2,690
Contractual services	47,246	-	47,246
Supplies and material	1,258	-	1,258
Capital outlay	148	-	148
Miscellaneous	951	-	951
Total operating cash disbursements	52,293	-	52,293
Operating income	24,135	-	24,135
Nonoperating cash receipts/(disbursements):			
Other financing sources	4,070	55,229	59,299
Debt Service:			
Principal	(13,070)	-	(13,070)
Interest	(8,063)	-	(8,063)
Other financing uses	(2,495)	(55,229)	(57,724)
Total nonoperating cash receipts/(disbursements)	(19,558)	-	(19,558)
Net of cash receipts over cash disbursements before interfund transfers	4,577	-	4,577
Transfers in	16,925	-	16,925
Transfers out	(16,925)	-	(16,925)
Net receipts over disbursements	4,577	-	4,577
Cash fund balances, January 1, 1999	73,554	-	73,554
Cash fund balances, December 31, 1999	\$ 78,131	\$ -	\$ 78,131

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999

Fund Types	Receipts				Disbursements				Variance Favorable (Unfavorable)			
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 1999 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	1999 Appropriations	Total		Actual 1999 Disbursements	Encumbrances Outstanding at 12/31/99	Total
Governmental:												
General	\$ 55,469	\$ 25,000	\$ 80,469	\$ 34,999	\$ 9,999	\$ -	\$ 62,100	\$ 62,100	\$ 34,188	\$ -	\$ 34,188	\$ 27,912
Special Revenue	99,121	141,895	241,016	165,281	23,386	-	227,695	227,695	181,204	-	181,204	46,491
Proprietary:												
Enterprise	73,554	90,170	163,724	97,423	7,253	-	138,370	138,370	92,846	-	92,846	45,524
Total (Memorandum Only)	\$ 228,144	\$ 257,065	\$ 485,209	\$ 297,703	\$ 40,638	\$ -	\$ 428,165	\$ 428,165	\$ 308,238	\$ -	\$ 308,238	\$ 119,927

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Thurston (“the Village”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: water and sewer utility services, street maintenance and repair, as well as other general government services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village’s accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village:

General Fund

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Village had the following significant special revenue funds:

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

Fire Fund - This fund receives levy money from Walnut Township for providing fire protection.

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 fund:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant agency fund:

Sewer Fund - The Village collects sewer fees on behalf of the Walnut Creek Sewer District.

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. 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 prescribed or permitted by the Auditor of State.

VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had no outstanding encumbrances at December 31, 2000 or 1999.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held by the treasurer is credited to its respective funds. Interest income earned and received by the Village totaled \$10,471 and \$8,032 for the years ended December 31, 2000 and 1999, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

**VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include:

Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains individual cash balances in bank accounts and short-term cash equivalents classified as "Cash and Cash Equivalents".

A. LEGAL REQUIREMENTS

Statutes require the classifications of funds held by the Village into two categories:

Category 1 consists of active funds - those funds required to be kept in a cash or cash equivalent status for immediate use by the Village. Such funds must be maintained either as cash in the Village treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of inactive funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Inactive funds may be invested or deposited in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations to the Village.

**VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the Village has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village and must be purchased with the expectation that it will be held to maturity.

B. 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, 2000 and 1999 was as follows:

	<u>2000</u>	<u>1999</u>
Deposits:		
Demand deposits	\$ 68,014	\$217,609
Investments:		
Repurchase agreement	<u>194,301</u>	<u>—</u>
Total deposits and investments	<u>\$262,315</u>	<u>\$217,609</u>

C. DEPOSITS

For the years ended December 31, 2000 and 1999, the carrying amount of the Village's deposits, were \$68,014 and \$217,609, respectively, and the bank balances were \$70,876 and \$218,395, respectively. Of the bank balances:

1. \$70,876 and \$162,598 was covered by federal depository insurance for 2000 and 1999, respectively.
2. \$0 and \$55,797 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions for 2000 and 1999, respectively.

**VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

D. INVESTMENTS

For the year ended December 31, 2000, the Village held investments of repurchase agreements which are uninsured and unregistered investments in which the securities are held by the counterparty's trust department or agent in the Village's name. The market value of the repurchase agreements was approximately the same as the carrying value.

NOTE 4 - DEBT OBLIGATION

At December 31, 2000, the Village's debt obligation consisted of the following issuance:

<u>Description:</u>	<u>Balance at December 31, 2000</u>
1989 United States Department of Agriculture Rural Development Mortgage revenue bonds for water system, due in annual installments of varying amounts, through 2014, bearing interest at 5.00%.	<u>\$136,918</u>
Total debt obligation at December 31, 2000	<u>\$136,918</u>

Transactions for the year ended December 31, 2000, are summarized as follows:

	<u>Balance at December 31, 1999</u>	<u>Proceeds</u>	<u>Principal Payments</u>	<u>Balance at December 31, 2000</u>
Mortgage Revenue Bond-1989	<u>\$150,892</u>	<u>\$ 0</u>	<u>\$13,974</u>	<u>\$136,918</u>
Total Debt	<u>\$150,892</u>	<u>\$ 0</u>	<u>\$13,974</u>	<u>\$136,918</u>

VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4 - DEBT OBLIGATION - (Continued)

The principal and interest requirements to retire the debt obligation outstanding at December 31, 2000, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Mortgage Revenue Bond</u>	
	<u>Principal</u>	<u>Interest</u>
2001	\$ 9,000	\$ 7,450
2002	9,000	7,000
2003	10,000	6,550
2004	10,000	6,050
2005	10,000	5,550
2006 - 2010	53,000	20,100
2011 - 2014	<u>35,918</u>	<u>6,000</u>
Totals	<u>\$136,918</u>	<u>\$58,700</u>

NOTE 5 - LEASE PURCHASE COMMITMENT

In 1998, the Village entered into a capital lease purchase agreement with Fairfield National Bank for a used fire truck. The lease commenced on September 1, 1998. The asset acquired through the capital lease arrangement is as follows:

<u>Asset</u>	<u>Cost</u>
Used Fire Truck	\$87,500

The minimum lease obligations as of December 31, 2000, were as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2001	\$14,569	\$2,539
2002	15,371	1,737
2003	<u>16,216</u>	<u>892</u>
Totals	<u>\$46,156</u>	<u>\$5,168</u>

VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 6 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village. 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 annually. However, if the property owner elects, they may make semiannual payments.

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.

NOTE 7 - RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5 % of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. As of December 31, 2000, the Village has paid all contributions required for 2000 and 1999.

NOTE 8 - RISK MANAGEMENT

In 2000, the Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- General liability and casualty
- Public official's liability

VILLAGE OF THURSTON
FAIRFIELD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 9 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in litigation that the Village's legal counsel anticipates a loss.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Members of Council and Mayor
Village of Thurston
2115 Main Street
Thurston, Ohio 43157

We have audited the financial statements of the Village of Thurston as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 2, 2001. 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 of Thurston'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village of Thurston in a separate letter dated March 2, 2001.

Members of Council and Mayor
Village of Thurston

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Thurston'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 of Thurston in a separate letter dated March 2, 2001.

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

Trimble, Julian & Grube, Inc.
March 2, 2001

**VILLAGE OF THURSTON
FAIRFIELD COUNTY
STATUS OF PRIOR AUDIT FINDINGS**

<u>CITATIONS</u>	<u>STATUS</u>	<u>EXPLANATION IF NOT FULLY IMPLEMENTED</u>
Ohio Revised Code Section 9.38 requiring all public monies received, to be deposited once every twenty-four hours.	Corrected	N/A
Ohio Revised Code Section 5705.39 prohibits total appropriations from each fund from exceeding total certified resources.	Corrected	N/A
Ohio Revised Code Sections 715.18, 731.14, 731.141, 735.05, 735.051, 735.052, 735.053 establish guidelines for Village contracts. Requirements relate to competitive bidding procedures.	Corrected	N/A
The Village's cashbook, receipt ledger and appropriation ledger were not reconciled on a monthly basis.	Corrected	N/A
Ohio Revised Code Section 5705.41(B) states that expenditures shall not exceed appropriations.	Corrected	N/A
CITATIONS/REPORTABLE CONDITIONS		
Ohio Revised Code Section 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached.	Partially Corrected	The Village has implemented the procedure of completing the required certificates for expenditures.
Ohio Administrative Code Sections 117-05-01 to 117-05-18 requiring that an appropriation ledger be maintained.	Corrected	N/A



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF THURSTON

FAIRFIELD 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
MAY 24, 2001**