



Dave Yost • Auditor of State



VILLAGE OF THORNVILLE  
PERRY COUNTY

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Thornville  
Perry County  
P.O. Box 607  
Thornville, Ohio 43076

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Thornville, Perry County, Ohio (the Village), have agreed, solely to assist the Village Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2015 and 2014, including Mayor's Court receipts, disbursements and balances, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and the Village Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2014 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 bank reconciliation:
  - a. We traced each debit to the subsequent January and March bank statements. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

### **Cash and Investments (Continued)**

6. We tested interbank account transfers occurring in December of 2015 and 2014 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2015 and December 31, 2014 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code § 135.13 or 135.14. We noted no exceptions.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one Statement of Semiannual Apportionment of Taxes (the Statement) for 2015 and one from 2014:
  - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015 and five from 2014. We also selected five receipts from the County Auditor's Appropriation History Report from 2015 and five from 2014.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### **Water and Sewer Fund**

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2015 and 10 Water and Sewer Fund collection cash receipts from the year ended 2014 recorded in the Receipt Register Report and determined whether the:
  - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Customer History Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Customer History Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
  - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.

**Water and Sewer Fund (Continued)**

2. We read the Aged Trial Balance Report.
  - a. We noted this report listed \$54,640 and \$47,476 of accounts receivable as of December 31, 2015 and 2014, respectively.
  - b. Of the total receivables reported in the preceding step, \$3,492 and \$2,056 were recorded as more than 90 days delinquent.
3. We read the Billing/Adjustment Edit List.
  - a. We noted this report listed a total of \$2,001 and \$408 non-cash receipts adjustments for the years ended December 31, 2015 and 2014, respectively.
  - b. We selected five non-cash adjustments from 2015 and five non-cash adjustments from 2014, and noted that the Village Administrator approved each adjustment.

**Debt.**

1. From the prior agreed-upon procedures documentation, we noted the following loans outstanding as of December 31, 2013. These amounts agreed to the Villages January 1, 2014 balances on the summary we used in step 3.

| Issue                           | Principal outstanding as of December 31, 2013: |
|---------------------------------|------------------------------------------------|
| 2002 OWDA Loan 3313             | \$1,676,467                                    |
| 2013 OPWC - I&I Removal Project | \$76,069                                       |
| 2013 OPWC - Street Improvements | \$25,888                                       |

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. We noted no new debt issuances. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to the Street Construction, Maintenance, and Repair Fund and Sewer Operating Fund payments reported in the Payment Register Detail Report. During 2015, we noted principal payments related to the OPWC Inflow/Infiltration Removal Project Loan in the amount of \$2,579 were paid from the Street Construction, Maintenance, and Repair Fund rather than the Sewer Operating Fund. Ohio Rev. Code § 5705.10(I) provides that money paid into a fund shall only be used for the purposes which the fund was established. We therefore requested management adjust \$2,579 to the Street Construction, Maintenance, and Repair Fund from the Sewer Operating Fund. We noted the Fiscal Officer adjusted this amount on August 22, 2016. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.

**Payroll Cash Disbursements (Continued)**

- b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and/or minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2015. We noted the following:

| <b>Withholding<br/>(plus employer share, where applicable)</b> | <b>Date<br/>Due</b> | <b>Date<br/>Paid</b> | <b>Amount<br/>Due</b> | <b>Amount<br/>Paid</b> |
|----------------------------------------------------------------|---------------------|----------------------|-----------------------|------------------------|
| Federal income taxes & Medicare                                | 1/31/16             | 1/4/16               | \$5,148               | \$5,148                |
| State income taxes                                             | 1/15/16             | 1/5/16               | \$898                 | \$898                  |
| OPERS retirement                                               | 1/30/16             | 12/31/15             | \$6,875               | \$6,875                |
| OP&F retirement                                                | 1/31/16             | 1/4/16               | \$1,354               | \$1,354                |

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2015 and ten from the year ended 2014 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The Fiscal Officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found no exceptions.

**Mayors Court Transactions**

1. We tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2015 and December 31, 2014 to the Mayor's Court fund balance reported in the cash book. The balances agreed.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2015 and 2014 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balance with the Mayor's Court financial institution. We found no exceptions. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
  - a. Duplicate receipt book.
  - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor).



### Mayors Court Transactions (Continued)

- c. Case file.

The amounts recorded in the cash book, receipts book, docket and case file agreed.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2015 and one month from the year ended 2014 and determined whether:
- The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State, or other applicable government in the following month. We found no exceptions.
  - The totals remitted for these two months per the cash book agreed to the returned canceled checks. The check number, date, payee name, and amount recorded on the returned, canceled check agreed to the check number, date, payee name, and amount recorded in the cash book.

### Compliance – Budgetary

- We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code § 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Parks and Recreation and Leatherman Funds for the years ended December 31, 2015 and 2014. The amounts agreed.
- We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Street Construction, Maintenance, and Repair, and Sewer Operating Funds, the Village Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code § 5705.38(C). We found no exceptions.
- We compared total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2015 and 2014 for the following funds: General, Parks and Recreation, and Storm Sewer Funds. The amounts on the appropriation ordinances agreed to the amounts recorded in the Appropriation Status report for all funds, except for the General Fund in 2015. The Appropriation Status Report recorded budgeted expenditures for the General Fund of \$239,870 for 2015. However, the appropriation ordinance reflected \$239,690 for the General Fund. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded on the appropriation ordinance to assure they agree. If the amounts do not agree, Village Council may be using inaccurate information for budgeting and monitoring purposes.
- Ohio Rev. Code §§ 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Mayor’s Court Computer, and Police Levy Funds for the years ended December 31, 2015 and 2014. We noted no funds for which appropriations exceeded certified resources.
- Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2015 and 2014 for the General, Permissive Motor Vehicle License Tax, and Swimming Pool Funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
- Ohio Rev. Code § 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014.

### **Compliance – Budgetary (Continued)**

We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code § 5705.09 would require the Village to establish a new fund.

7. We scanned the 2015 and 2014 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$10 which Ohio Rev. Code §§ 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which § 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code § 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2015 and 2014 for negative cash fund balance. Ohio Rev. Code § 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2015 and 2014 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code §§ 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

### **Other Compliance**

1. Ohio Rev. Code § 117.38 requires villages to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Village filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted.
2. We scanned the Fiscal Integrity Act Portal to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code § 507.12 and 733.81. The Fiscal Officer obtained the required training.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 8, 2016

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# Dave Yost • Auditor of State

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  
SEPTEMBER 22, 2016