

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

*Financial Statements
(Audited)*

For the Years Ended
December 31, 2016 and 2015

LAURIE VESS, FISCAL OFFICER



Dave Yost • Auditor of State

Village Council
Village of Danville
512 South Market Street
Danville, Ohio 43014

We have reviewed the *Independent Auditor's Report* of the Village of Danville, Knox County, prepared by Julian & Grube, 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 Danville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 28, 2017

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**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Village of Danville
Knox County
512 South Market Street
Danville, Ohio 43014

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 Danville, Knox County, Ohio, 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 reporting provisions 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 of Danville'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 of Danville'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 opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village of Danville 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 of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village of Danville 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 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 described 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 Danville as of December 31, 2016 and 2015, or changes in the 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 Danville, Knox County, Ohio, 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 our report dated May 18, 2017, on our consideration of the Village of Danville'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 of Danville's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 18, 2017

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and Other Local Taxes	\$ 35,955	\$ 61,962	\$ -	\$ -	\$ 97,917
Municipal Income Tax	193,181	95,254	-	-	288,435
Intergovernmental	20,032	46,781	-	-	66,813
Charges for Services	178	-	-	-	178
Fines, Licenses and Permits	13,083	-	-	-	13,083
Earnings on Investments	122	-	-	-	122
Miscellaneous	-	47,647	-	-	47,647
Total cash receipts	262,551	251,644	-	-	514,195
Cash disbursements:					
Current:					
Security of Persons and Property	15,078	286,362	-	-	301,440
Public Health Services	231	-	-	-	231
Leisure Time Activities	-	29,220	-	-	29,220
Community Environment	3,826	-	-	-	3,826
Transportation	-	41,074	-	-	41,074
General Government	161,998	-	-	-	161,998
Capital Outlay	-	12,152	-	28,325	40,477
Debt Service:					
Principal Retirement	-	13,148	34,752	-	47,900
Interest and Fiscal Charges	-	2,639	1,000	-	3,639
Total cash disbursements	181,133	384,595	35,752	28,325	629,805
Excess of receipts over (under) disbursements	81,418	(132,951)	(35,752)	(28,325)	(115,610)
Other Financing Receipts (Disbursements):					
Other Debt Proceeds	-	-	-	28,674	28,674
Sale of Assets	631	631	-	-	1,262
Transfers In	-	115,400	35,752	-	151,152
Transfers Out	(115,400)	-	-	-	(115,400)
Other Financing Sources	279	-	-	-	279
Other Financing Uses	(3,500)	-	-	-	(3,500)
Total Other Financing Receipts (Disbursements)	(117,990)	116,031	35,752	28,674	62,467
Special Item	-	443	-	-	443
Net change in fund cash balances	(36,572)	(16,477)	-	349	(52,700)
Fund cash balances, January 1, 2016	70,197	44,750	17,604	-	132,551
Fund cash balances:					
Restricted	-	28,273	17,174	349	45,796
Assigned	-	-	430	-	430
Unassigned (Deficit)	33,625	-	-	-	33,625
Fund cash balances, December 31, 2016	\$ 33,625	\$ 28,273	\$ 17,604	\$ 349	\$ 79,851

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

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for Services	\$ 403,311
Miscellaneous	140
Total operating cash receipts	403,451
Operating cash disbursements:	
Personal Services	91,710
Employee Fringe Benefits	50,986
Contractual Services	98,640
Supplies and Materials	31,828
Other	12
Total operating cash disbursements	273,176
Operating income (loss)	130,275
Nonoperating cash receipts/(disbursements):	
Special Assessments	15,846
Sale of Fixed Assets	1,262
Capital Outlay	(109,260)
Principal Retirement	(21,390)
Interest and Other Fical Charges	(1,042)
Total nonoperating cash receipts/(disbursements)	(114,584)
Income (Loss) before Transfers	15,691
Transfers Out	(35,752)
Net change in fund cash balances	(20,061)
Fund cash balances, January 1, 2016	161,209
Fund cash balances, December 31, 2016	\$ 141,148

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

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash receipts:				
Property and Other Local Tax:	\$ 33,788	\$ 55,863	\$ -	\$ 89,651
Municipal Income Tax	198,717	-	-	198,717
Intergovernmental	24,871	51,316	-	76,187
Charges for Services	51	-	-	51
Fines, Licenses and Permits	14,320	-	-	14,320
Earnings on Investments	113	-	-	113
Miscellaneous	3,128	51,413	-	54,541
Total cash receipts	<u>274,988</u>	<u>158,592</u>	<u>-</u>	<u>433,580</u>
Cash disbursements:				
Current:				
Security of Persons and Property	14,554	160,075	-	174,629
Leisure Time Activities	34	54,919	-	54,953
Community Environment	3,834	-	-	3,834
Transportation	-	57,115	-	57,115
General Government	146,932	-	-	146,932
Capital Outlay	-	8,175	-	8,175
Debt Service:				
Principal Retirement	-	8,512	40,376	48,888
Interest and Fiscal Charges	-	946	2,210	3,156
Total cash disbursements	<u>165,354</u>	<u>289,742</u>	<u>42,586</u>	<u>497,682</u>
Excess of receipts over (under) disbursement:	<u>109,634</u>	<u>(131,150)</u>	<u>(42,586)</u>	<u>(64,102)</u>
Other Financing Receipts (Disbursements):				
Transfers In	-	120,000	42,586	162,586
Transfers Out	(120,000)	-	-	(120,000)
Other Financing Sources	19,416	-	-	19,416
Other Financing Uses	(10,234)	-	-	(10,234)
Total Other Financing Receipts (Disbursements)	<u>(110,818)</u>	<u>120,000</u>	<u>42,586</u>	<u>51,768</u>
Special Item	<u>-</u>	<u>5,306</u>	<u>-</u>	<u>5,306</u>
Net change in fund cash balances	(1,184)	(5,844)	-	(7,028)
Fund cash balances, January 1, 2015	<u>71,381</u>	<u>50,594</u>	<u>17,604</u>	<u>139,579</u>
Fund cash balances:				
Restricted	-	44,750	17,174	61,924
Assigned	-	-	430	430
Unassigned (Deficit)	70,197	-	-	70,197
Fund cash balances, December 31, 2015	<u>\$ 70,197</u>	<u>\$ 44,750</u>	<u>\$ 17,604</u>	<u>\$ 132,551</u>

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

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating cash receipts:	
Charges for Services	\$ 389,219
Miscellaneous	252
Total operating cash receipts	389,471
Operating cash disbursements:	
Personal Services	88,220
Employee Fringe Benefits	44,535
Contractual Services	123,661
Supplies and Materials	23,555
Total operating cash disbursements	279,971
Operating income (loss)	109,500
Nonoperating cash receipts/(disbursements):	
Other Debt Proceeds	70,818
Capital Outlay	(98,557)
Total nonoperating cash receipts/(disbursements)	(27,739)
Income (Loss) before Transfers	81,761
Transfers Out	(42,586)
Net change in fund cash balances	39,175
Fund cash balances, January 1, 2015	122,034
Fund cash balances, December 31, 2015	\$ 161,209

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

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 - REPORTING ENTITY

The Village of Danville, Knox County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

The Village participates in the Eastern Knox County Joint Fire District, a jointly governed organization, and the Ohio Plan Risk Management Inc. public entity risk pool. Notes 5 and 9 to the financial statements provides additional information for these entities. These organizations are;

Jointly Governed Organization:

EASTERN KNOX COUNTY JOINT FIRE DISTRICT:

This District provides fire protection services and emergency medical services within the District.

Public Entity Risk Pool:

OHIO PLAN RISK MANAGEMENT INC.:

The plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage to its members.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

DEPOSITS:

The Village has no investments. The Village maintains interest bearing checking and savings accounts.

FUND ACCOUNTING:

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

General Fund - The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified 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 tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

Memorial Park Fund - This fund receives donations and general fund transfers to fund maintenance and construction of the park.

Debt Service Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund.

Ohio Water Development Authority and Ohio Public Works Commission Debt Fund - This fund is used to retire the debt associated with the Water Treatment Plant and Tower and currently the renovation of the Waste Water Treatment Plant and ponds.

Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Water Treatment Plant and Tower - A new Water Treatment Plant and Water Tower were constructed and wells were dug to be utilized.

Waste Water Treatment Plant and Ponds - The Waste Water Treatment Plant and ponds are being renovated to be brought up to date by OEPA standards.

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

Water 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 Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 Section 117-2-03 (D) permit.

BUDGETARY PROCESS:

The Ohio Revised Code requires that each fund be budgeted annually.

APPROPRIATIONS:

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re- appropriated.

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:

Non-spendable - The Village classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

Restricted - Fund balance is restricted when constraints placed on the use of resources are wither externally imposed by creditors (such as trough debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - Council can commit amounts via formal action (resolution). The Village must adhere to these commitments unless the 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 purposed but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the 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 resolution or by State Statute.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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 (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

PROPERTY, PLANT AND EQUIPMENT:

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

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

ACCUMULATED LEAVE:

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

EQUITY IN POOLED DEPOSITS:

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2016	2015
Demand Deposits	\$ 220,998	\$ 293,760

Deposits are insured by the Federal Depositary Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 290,134	\$ 263,461	\$ (26,673)
Special Revenue	211,450	367,675	156,225
Debt Service	69,825	35,752	(34,073)
Capital Projects	-	28,674	28,674
Enterprise	439,400	420,559	(18,841)
Total	\$ 1,010,809	\$ 1,116,121	\$ 105,312

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 361,139	\$ 300,285	\$ 60,854
Special Revenue	409,285	385,344	23,941
Debt Service	71,297	35,752	35,545
Capital Projects	48,250	28,325	19,925
Enterprise	618,331	441,232	177,099
Total	\$ 1,508,302	\$ 1,190,938	\$ 317,364

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 3 - BUDGETARY ACTIVITY - (Continued)

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 233,549	\$ 294,404	\$ 60,855
Special Revenue	253,850	283,898	30,048
Debt Service	124,647	42,586	(82,061)
Enterprise	439,500	460,289	20,789
Total	<u>\$ 1,051,546</u>	<u>\$ 1,081,177</u>	<u>\$ 29,631</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 330,647	\$ 295,765	\$ 34,882
Special Revenue	329,743	293,405	36,338
Debt Service	90,109	42,586	47,523
Enterprise	677,888	421,755	256,133
Total	<u>\$ 1,428,387</u>	<u>\$ 1,053,511</u>	<u>\$ 374,876</u>

NOTE 4 - TAXES

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

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

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

Local Income Tax - The Village levies a municipal income tax of 1% for 2015 and 1 ½% for 2016 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. The Village has contracted with the Regional Income Tax Agency (RITA) to collect payments and process tax returns.

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 5 - RISK MANAGEMENT

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) formally known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio Governments ("Members"). The Plan is legally separate from its member governments.

The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlements amounts did not exceed insurance coverage for the past five fiscal years. The complete audited financial statements for OPRM can be seen on the Plan's website, www.ohioplan.org

NOTE 6 - DEFINED BENEFIT PENSION PLAN

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans benefits, which include postemployment healthcare and survivor and disability benefits.

For January 1 - June 30, 2015 OP&F participants contributed 11.5% and the Village contributed 19.5% and from July 1, 2015 - December 31, 2016 participants contributed 12.25% and the Village contributed 19.5%. For 2015 and 2016 OPERS members contributed 10% and the Village contributed 14% respectively, of participant's gross salaries. The Village has paid all contributions required through December 31, 2016.

NOTE 7 - POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer 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, and OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 8 - DEBT

Debt outstanding at December 31, 2016 was as follows:

<u>Description</u>	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan (CQ06E) - Water Supply Improvements	\$ 170,034	0.00%
OWDA Loan (4489) - Water System Improvements	95,663	2.00%
OWDA Loan (5043) - Water Supply Improvements	193,382	0.00%
OWDA Loan (6077) - Collection System Rehab. & Repair	203,397	0.00%
OWDA Loan (6945) - WWTP Upgrade - HAB	<u>23,698</u>	0.00%
Total	<u>\$ 686,174</u>	

In 2010, the Ohio Public Works Commission (OPWC) loan was issued for water supply improvements. The village will repay the loan in semiannual installments of \$6,540 over 20 years. The loan will be paid from water user charges.

In 2007, the Ohio Water Development Authority (OWDA) loan 4489 was issued for water system improvements. The Village will repay the loan in semiannual installments of \$5,301 at 2% interest for 20 years. The loan will be paid from water user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2012, the Ohio Water Development Authority (OWDA) loan 5043 was issued for water supply improvements. The Village will repay the loan in semiannual installments of \$4,297 over 30 years. The loan will be paid from water user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2012, the OWDA approved up to \$351,340 in loans to the Village for project 6077. The Village will repay the loans in semiannual installments of \$6,534, over 20 years. The OWDA will adjust scheduled payments to reflect any revisions in amounts the Village actually borrows. The loan will be paid from sewer user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2015, the OWDA approved up to \$31,500 in loans to the Village for project 6945. The Village will repay the loans in semiannual installments of \$3,150, over 5 years. The OWDA will adjust scheduled payments to reflect any revisions in amounts the Village actually borrows. The loan will be paid from sewer user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 8 - DEBT - (Continued)

Amortization of the OPWC Loan (CQ06E), OWDA Loan (4489), OWDA Loan (5043), OWDA Loan (6077), and OWDA Loan (6945), including interest, is scheduled as follows:

Year Ending December 31,	OPWC Loan (CQ06E)	OWDA Loan (4489)	OWDA Loan (5043)	OWDA Loan (6077)	OWDA Loan (6945)
2017	\$ 6,540	\$ 10,602	\$ 8,595	\$ 13,067	\$ 6,300
2018	13,080	10,602	8,595	13,067	6,300
2019	13,080	10,602	8,595	13,067	6,300
2020	13,080	10,602	8,595	13,067	4,798
2021	13,080	10,602	8,595	13,067	-
2022-2026	65,400	42,653	42,974	65,335	-
2027-2031	45,774	-	42,974	65,335	-
2032-2036	-	-	42,974	7,392	-
2037-2041	-	-	21,485	-	-
Total	\$ 170,034	\$ 95,663	\$ 193,382	\$ 203,397	\$ 23,698

In 2013, the Village entered into a capital lease for a police cruiser. Future minimum lease payments are as follows and are paid out of the Police Fund (a special revenue fund):

<u>Year</u>	<u>Amount</u>
2017	\$8,887
2018	<u>7,611</u>
Total	\$16,498

Less: amount representing interest (883)

Future minimum lease payments \$15,615

NOTE 9 - JOINT VENTURES

The Eastern Knox County Joint Fire District (the District) is a jointly governed organization pursuant to Ohio Revised Code Section 505.3371. The District was formed in 2001 and consists of Brown, Butler, Harrison, Howard, Jefferson and Union Townships and the Villages of Brinkhaven and Danville. The Board consists of a trustee/council person from each township and village and an “at large” member appointed by vote of the District Board. Revenues are generated from a five mil operating levy.

NOTE 10 - RELATED ORGANIZATION

Knox County Regional Planning Commission

The Council appoints one member of the Commission. There is no financial interdependency between the Village and the Commission.

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 11 - COMPLIANCE

The Village had noncompliance with Ohio Revised Code Section 133.01(LL) for not charging water and sewer user rates to provide for the annual debt payments, as required by the OPWC and OWDA Loan Agreements.

Contrary to Ohio Revised Code Section 5705.41(B) and 5705.40, budgetary expenditures exceeded appropriation authority in certain funds for the years ended December 31, 2016 and December 31, 2015.

Contrary to Ohio Revised Code Section 5705.39 and 5705.36, certain funds had appropriations in excess of estimated resources for the years ended December 31, 2016 and December 31, 2015.

Contrary to Ohio Revised Code Section 5705.36(A)(4), certain funds had appropriations in excess of actual resources for the years ended December 31, 2016 and December 31, 2015.

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**Independent Auditor's Report on Internal Controls Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Village of Danville
Knox County
512 South Market Street
Danville, Ohio 43014

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Danville, Knox County, Ohio, 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 May 18, 2017, wherein we noted the Village of Danville followed financial reporting provisions of 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 the Village of Danville's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of Danville'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 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 of Danville'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 of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.

Village Council
Village of Danville

Compliance and Other Matters

As part of reasonably assuring whether the Village of Danville'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 with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are disclosed in the accompanying schedule of findings and responses as items 2016-001 and 2016-003 through 2016-007.

Village of Danville's Responses to Findings

The Village of Danville's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Danville's responses and, accordingly, we express no opinion on them.

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 of Danville's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Danville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
May 18, 2017

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2016-001

Noncompliance/Material Weakness - Payment of Debt:

Ohio Rev. Code § 133.01(LL) states "self-supporting securities" means securities or portions of securities issued for the purpose of paying costs of permanent improvements to the extent that receipts of the subdivision, other than the proceeds of taxes levied by that subdivision, derived from or with respect to the improvements or the operation of the improvements being financed, or the enterprise, system, project, or category of improvements of which the improvements being financed are part, are estimated by the fiscal officer to be sufficient to pay the current expenses of that operation or of those improvements or enterprise, system, project, or categories of improvements and the debt charges payable from those receipts on securities issued for the purpose. In addition, **Ohio Water Development Authority (OWDA) Loan Agreements 6945, 6077 and 5043, Section 4.3(a) and OWDA Loan Agreement 4489, Section 3.2a** indicate that it (the entity) will at all times prescribe and charge such rates to provide for the payments.

Ohio Rev. Code § 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit fund balance indicates money from another fund or funds was used to pay obligations of funds that carry the deficit fund balance.

During 2016 and 2015, the Village made \$35,752 and \$42,586, respectively, of debt payments for its Ohio Public Works Commission (OPWC) and OWDA loans out of the Debt Service Fund. However, during 2016 and 2015, only \$34,711 and \$26,454, respectively, of water fund user charges were transferred to the Debt Service Fund to pay the debt. This resulted in the Other Debt Service Fund originally being understated by \$1,041 and \$16,132, respectively, at year end of 2016 and 2015.

As a result, for 2016 and 2015, adjustments of \$1,041 and \$16,132, respectively, were posted to the Village's accounting system and the financial statements to increase Debt Service Fund Transfers In and increase Enterprise Fund Transfers Out to account for the Enterprise Funds transferring the money to the Debt Service Fund to make the debt payment.

The Village Council should establish and charge such water and sewer user rates to provide for the annual debt payments, as required by the OPWC and OWDA Loan Agreements. We also recommend the Village pay the debt payments directly from the Water and Sewer Funds because the user charges are to be used for repayment based on the debt agreements, rather than transferring the money to the Debt Service Fund.

Client Response: The Fiscal Officer will work to provide a sound fiscal environment for the Village and has implemented additional policies and procedures to help with financial statement presentation.

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2016-002

Material Weakness - Financial Statement Presentation:

Accurate financial reporting is required in order to provide management and citizens with objective and timely information to enable well-informed decisions.

Numerous adjustments were made to the financial statements and notes to the financial statements for the years ended December 31, 2016 and 2015 to properly state financial statement amounts. In addition, numerous material adjustments were made to the Village's notes to the financial statements.

The audited financial statements and Village records have been adjusted for the misstatements identified during the audit.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the Village consult with their auditors, the Village Handbook, the Auditor of State and/or Ohio Municipal League to help ensure accurate financial reporting.

Client Response: The Fiscal Officer will work to provide a sound fiscal environment for the Village and has implemented additional policies and procedures to help with financial statement presentation.

Finding Number	2016-003
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Ohio Revised Code Sections 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

During the years ended December 31, 2016 and 2015 the Village's appropriations exceeded its estimated resources.

The Village had appropriations exceeding its resources which could lead to spending monies not collected or expected to be collected, and thus could lead to a negative fund balance.

We recommend the Village evaluate its certified estimated resources prior to modifying/approving appropriations to ensure appropriations are less than or equal to certified estimated resources.

Client Response: The Village will attempt to monitor its estimated revenues and appropriations more closely and will request amended certificates as needed.

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2016-004

Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources.

The Village had appropriations in excess of estimated resources at December 31, 2016 and 2015 in the following funds:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>December 31, 2016</u>			
<u>Major Fund:</u>			
General Fund	\$ 360,330	\$ 360,961	\$ 631
<u>Special Revenue Funds:</u>			
Street Fund	\$ 46,442	\$ 47,074	\$ 632
Drug Law Enforcement Fund	\$ 3,851	\$ 33,019	\$ 29,168
Police Fund	\$ 170,108	\$ 291,644	\$ 121,536
<u>Capital Projects Funds:</u>			
Grant Construction Fund	\$ -	\$ 48,250	\$ 48,250
<u>Enterprise Funds:</u>			
Water Operating	\$ 240,085	\$ 240,403	\$ 318
Sewer Operating	\$ 376,657	\$ 377,288	\$ 631

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2016-004 - (Continued)

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>December 31, 2015</u>			
<u>Major Fund:</u>			
General Fund	\$ 308,965	\$ 330,004	\$ 21,039
<u>Special Revenue Funds:</u>			
Park Fund	\$ 25,412	\$ 55,357	\$ 29,945
<u>Debt Service Fund:</u>			
Debt Service Fund	\$ 16,210	\$ 22,751	\$ 6,541
<u>Enterprise Funds:</u>			
Water Operating	\$ 249,253	\$ 298,625	\$ 49,372
Sewer Operating	\$ 370,964	\$ 378,699	\$ 7,735

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause disbursements in excess of resources and cause a deficit fund balance.

We recommend the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The Fiscal Officer will attempt to update estimated revenues on a more timely basis.

Finding Number	2016-005
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Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

The Village had disbursements exceeding appropriations at December 31, 2016 in the following fund:

	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>
<u>December 31, 2016</u>			
<u>Special Revenue Funds:</u>			
Park Fund	\$ 16,878	\$ 29,254	\$ 12,376

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2016-005 - (Continued)

Disclosure is presented at the fund level due to the practicality of presenting at the legal level.

With disbursements exceeding appropriations, the Village is expending monies that have not been appropriated and approved by the Village Council. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring disbursements so they do not exceed lawful appropriations and amending the budget prior to year-end. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

Client Response: The Village is actively seeking to resolve this.

Finding Number	2016-006
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Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations.

Adjustments to the budget were made in the Village's system without proper Council approval. Due to these unapproved and unallowable adjustments, disbursements exceeded appropriations in the Park fund in 2016.

By not timely and properly modifying the Village's appropriations, the Village is not adequately monitoring appropriations versus disbursements. With disbursements exceeding appropriations, overspending may occur which may result in a negative fund balance.

We recommend that the Village comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring disbursements so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

Client Response: The Village is aware of the requirement for Council approval and is currently implementing additional policies and procedures to have all supplemental appropriations properly approved prior to including in the Village UAN computer system.

Finding Number	2016-007
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Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2016-007 - (Continued)

The Village had appropriations in excess of actual resources, which consists of actual revenues and beginning unencumbered fund balance, at December 31, 2016 and 2015 in the following funds:

	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>December 31, 2016</u>			
<u>Major Fund:</u>			
General Fund	\$ 333,658	\$ 360,961	\$ 27,303
<u>Special Revenue Funds:</u>			
Street Fund	\$ 43,332	\$ 47,074	\$ 3,742
Police Fund	\$ 282,691	\$ 291,644	\$ 8,953
<u>Capital Projects Funds:</u>			
Grant Construction Fund	\$ 28,673	\$ 48,250	\$ 19,577
<u>Enterprise Funds:</u>			
Sewer Operating	\$ 345,881	\$ 377,288	\$ 31,407
<u>December 31, 2015</u>			
<u>Debt Service Funds</u>			
Debt Service Fund	\$ 13,143	\$ 22,751	\$ 9,608
<u>Enterprise Funds:</u>			
Water Operating	\$ 227,142	\$ 298,625	\$ 71,483

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2016-007 - (Continued)

By appropriating more funds than actual resources, the Village is at risk of spending more money than is available; this may result in negative fund balances.

We recommend the Village monitor estimated resources in comparison with actual resources and appropriations, and if necessary, obtain a decreased amended certificate and amend appropriations accordingly. Further guidance may be found in Auditor of State bulletin 97-010.

Client Response: The Village will monitor the budget on a continual basis and make modifications as necessary to ensure appropriations do not exceed actual resources.

**VILLAGE OF DANVILLE
KNOX COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; <u>Finding no Longer Valid</u>
2014-001	<u>Noncompliance/Material Weakness</u> - Ohio Rev. Code Section 133.01(LL) states "Self-supporting securities" means securities or portions of securities issued for the purpose of paying costs of permanent improvements to the extent that receipts of the subdivision, other than the proceeding of taxes levied by that subdivision, derived from or with respect to the improvements or the operation of the improvements being financed, or the enterprise, system, project, or category of improvements of which the improvements being financed are part, are estimated by the fiscal officer to be sufficient to pay the current expenses of that operation or those improvements or enterprises, system, project, or categories of improvements and the debt charges payable from those receipts on securities issued for the purpose. During 2014 and 2013, the Village made \$40,580 and \$97,878, respectively, of debt payments for its Ohio Public Works Commission and Ohio Water Development Authority loans out of the Debt Service Fund. However, during 2014 and 2013, only \$39,891 and \$39,885, respectively, of water fund user charges were transferred to the Debt Service Fund to pay the debt.	No	Repeated as finding 2016-001
2014-002	<u>Noncompliance/Material Weakness</u> - Ohio Rev. Code Section 5705.42 requires, in part, that when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision. In 2013, the Ohio Water Development Authority (OWDA) expended \$29,493 for a sewer project on behalf of the Village. The Village did not recognize this amount as a receipt and disbursement, nor was it included in the appropriations or estimated resources.	Yes	N/A
2014-003	<u>Noncompliance/Material Weakness</u> - Ohio Rev. Code Section 5705.10(D) indicates all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. During 2013, the Village posted \$6,115 homestead and rollback receipt entirely to the General Fund tax receipts rather than allocating a portion to the Parks and Recreation and Police Funds.	Yes	N/A



Dave Yost • Auditor of State

VILLAGE OF DANVILLE

KNOX 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
OCTOBER 10, 2017