



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF THORNVILLE
PERRY COUNTY
DECEMBER 31, 2017 AND 2016**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2017	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2017	4
Notes to the Financial Statements For the Year Ended December 31, 2017	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2016	13
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2016	14
Notes to the Financial Statements For the Year Ended December 31, 2016	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Schedule of Findings.....	25

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INDEPENDENT AUDITOR'S REPORT

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

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 Thornville, Perry County, Ohio (the Village), as of and for the years ended December 31, 2017 and 2016.

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 Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. Code § 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 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 Rev. Code § 117.38 and Ohio Admin. Code § 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 discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Thornville, Perry County, as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 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 January 25, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 25, 2019

**VILLAGE OF THORNVILLE
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$89,921	\$67,186	\$0	\$157,107
Intergovernmental	21,951	67,023	0	88,974
Charges for Services	0	19,074	0	19,074
Fines, Licenses and Permits	50,735	188	0	50,923
Earnings on Investments	2,450	15,123	2	17,575
Miscellaneous	302	2,991	0	3,293
<i>Total Cash Receipts</i>	<u>165,359</u>	<u>171,585</u>	<u>2</u>	<u>336,946</u>
Cash Disbursements				
Current:				
Security of Persons and Property	22,075	53,792	0	75,867
Leisure Time Activities	0	12,914	0	12,914
Community Environment	6,033	0	0	6,033
Basic Utility Services	0	9,020	0	9,020
Transportation	450	56,836	0	57,286
General Government	88,893	127	0	89,020
Debt Service:				
Principal Retirement	0	1,328	0	1,328
<i>Total Cash Disbursements</i>	<u>117,451</u>	<u>134,017</u>	<u>0</u>	<u>251,468</u>
<i>Net Change in Fund Cash Balances</i>	47,908	37,568	2	85,478
<i>Fund Cash Balances, January 1</i>	<u>512,789</u>	<u>540,374</u>	<u>1,116</u>	<u>1,054,279</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	1,000	1,000
Restricted	0	577,942	118	578,060
Assigned	91,405	0	0	91,405
Unassigned (Deficit)	<u>469,292</u>	<u>0</u>	<u>0</u>	<u>469,292</u>
<i>Fund Cash Balances, December 31</i>	<u>\$560,697</u>	<u>\$577,942</u>	<u>\$1,118</u>	<u>\$1,139,757</u>

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

**VILLAGE OF THORNVILLE
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$814,448	\$0	\$814,448
Miscellaneous	906	0	906
<i>Total Operating Cash Receipts</i>	<u>815,354</u>	<u>0</u>	<u>815,354</u>
Operating Cash Disbursements			
Personal Services	200,359	0	200,359
Fringe Benefits	86,920	0	86,920
Contractual Services	149,981	0	149,981
Supplies and Materials	86,406	0	86,406
Other	4,055	0	4,055
<i>Total Operating Cash Disbursements</i>	<u>527,721</u>	<u>0</u>	<u>527,721</u>
<i>Operating Income</i>	<u>287,633</u>	<u>0</u>	<u>287,633</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	34,083	0	34,083
Mayor's Court Fines and Fees	0	3,847	3,847
Miscellaneous Receipts	2,146	0	2,146
Mayor's Court Distribution of Fines and Fees	0	(3,802)	(3,802)
Principal Retirement	(106,460)	0	(106,460)
Interest and Other Fiscal Charges	(89,112)	0	(89,112)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(159,343)</u>	<u>45</u>	<u>(159,298)</u>
<i>Net Change in Fund Cash Balances</i>	128,290	45	128,335
<i>Fund Cash Balances, January 1</i>	<u>1,283,599</u>	<u>2,480</u>	<u>1,286,079</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,411,889</u></u>	<u><u>\$2,525</u></u>	<u><u>\$1,414,414</u></u>

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

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Thornville is a public body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Thornville provides the following services to its citizens: police protection, parks and recreation, Zoning, street maintenance and repairs, water and sewer.

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

Basis of Presentation

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported 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 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 The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.

Police Levy Fund The Police Levy Fund accounts for the money received from the levy and also pays for the expenses to run the police department.

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Endowment Fund The Cemetery Endowment Fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the upkeep of the benefactor's family lot in the Village's cemetery.

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's significant enterprise funds:

Water Fund The Water Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds The fiduciary fund category is split into private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency fund consists of fines and costs collected by the Village Mayor's court which have not yet been distributed.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates.

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

The certificate of estimated resources establishes a limit on the amount Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources.

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 reappropriated.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively. Money market mutual funds are recorded at share values the mutual funds report.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2017 was \$2,450.

Capital Assets

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

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

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

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 3 - Budgetary Basis of Accounting

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$150,425	\$165,359	\$14,934
Special Revenue	152,800	171,585	18,785
Permanent	2	2	0
Enterprise	761,450	851,583	90,133
Total	\$1,064,677	\$1,188,529	\$123,852

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$234,170	\$118,693	\$115,477
Special Revenue	254,040	134,851	119,189
Enterprise	1,088,384	737,298	351,086
Total	\$1,576,594	\$990,842	\$585,752

Note 4 – Deposits and Investments

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

	2017
Demand deposits	\$2,429,538
Certificate of deposit	1,000
Total deposits	2,430,538
Equity Mutual Funds	123,633
Total deposits and investments	\$2,554,171

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool. A financial institution's trust department holds the Village's equity securities in book entry form in the Village's name.

Note 5 - Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 5 - Property Taxes (Continued)

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.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 6 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the Village contracted with Wichert Insurance.

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium is applied to all cities in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for all cities in the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangements insures that each participant shares equally in the overall performance of the GRP.

The Village's health insurance is handled by Medical Mutual. The cost per employee is based on coverage elected along with several other factors.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Pension Fund

Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 7 - Defined Benefit Pension Plans (Continued)

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members. The Village has paid all contributions required through December 31, 2017.

Note 8 - 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$1,299,545	6.39%
Ohio Public Works CR 13N	65,754	0.00%
Ohio Public Works CR 25P	20,578	0.00%
Total	\$1,385,877	

The Ohio Water Development Authority (OWDA) loan relates to the construction of a waste water treatment plant project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$2,415,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$95,896, including interest, over 25 years. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CR 13N relates to the loan for the upgrade of the Village’s sewer infiltration and inflow system not to exceed \$128,000. The Village will repay the loans in semiannual installments of \$1,289 over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CR 25P relates to the improvements of Village streets not to exceed \$39,637. The Village will repay the loans in semiannual installments of \$664 over 20 years. The Village’s taxing authority collateralized the loan.

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	OWDA Loan	OPWC Loan CR 13N	OPWC Loan CR 25P
2018	191,791	2,579	1,328
2019	191,791	2,579	1,328
2020	191,791	2,579	1,328
2021	191,791	2,579	1,328
2022	191,791	2,579	1,328
2023-2027	767,165	12,893	6,640
2028-2032	0	12,893	6,640
2033-2037	0	12,893	658
2038-2042	0	12,893	0
2043	0	1,287	0
Total	<u>\$1,726,120</u>	<u>\$65,754</u>	<u>\$20,578</u>

**VILLAGE OF THORNVILLE
PERRY COUNTY**

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

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$85,333	\$63,702	\$0	\$149,035
Intergovernmental	21,719	66,097	0	87,816
Charges for Services	0	19,179	0	19,179
Fines, Licenses and Permits	44,990	260	0	45,250
Earnings on Investments	1,827	6,465	2	8,294
Miscellaneous	119	320	0	439
<i>Total Cash Receipts</i>	<u>153,988</u>	<u>156,023</u>	<u>2</u>	<u>310,013</u>
Cash Disbursements				
Current:				
Security of Persons and Property	21,702	57,936	0	79,638
Leisure Time Activities	0	10,275	277	10,552
Community Environment	6,679	0	0	6,679
Basic Utility Services	0	19,994	0	19,994
Transportation	0	48,437	0	48,437
General Government	108,449	674	0	109,123
Principal Retirement	0	1,328	0	1,328
<i>Total Cash Disbursements</i>	<u>136,830</u>	<u>138,644</u>	<u>277</u>	<u>275,751</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,158</u>	<u>17,379</u>	<u>(275)</u>	<u>34,262</u>
Other Financing Receipts				
Sale of Capital Assets	200	0	0	200
<i>Total Other Financing Receipts</i>	<u>200</u>	<u>0</u>	<u>0</u>	<u>200</u>
<i>Net Change in Fund Cash Balances</i>	17,358	17,379	(275)	34,462
<i>Fund Cash Balances, January 1</i>	<u>495,431</u>	<u>522,995</u>	<u>1,391</u>	<u>1,019,817</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	1,000	1,000
Restricted	0	540,374	116	540,490
Assigned	83,745	0	0	83,745
Unassigned (Deficit)	429,044	0	0	429,044
<i>Fund Cash Balances, December 31</i>	<u>\$512,789</u>	<u>\$540,374</u>	<u>\$1,116</u>	<u>\$1,054,279</u>

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

**VILLAGE OF THORNVILLE
PERRY COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$821,130	\$0	\$821,130
Miscellaneous	141	0	141
<i>Total Operating Cash Receipts</i>	<u>821,271</u>	<u>0</u>	<u>821,271</u>
Operating Cash Disbursements			
Personal Services	200,195	0	200,195
Fringe Benefits	90,221	0	90,221
Contractual Services	136,174	0	136,174
Supplies and Materials	95,849	0	95,849
Other	5,051	0	5,051
<i>Total Operating Cash Disbursements</i>	<u>527,490</u>	<u>0</u>	<u>527,490</u>
<i>Operating Income</i>	<u>293,781</u>	<u>0</u>	<u>293,781</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	36,378	0	36,378
Mayor's Court Fines and Fees	0	2,939	2,939
Miscellaneous Receipts	205	0	205
Mayor's Court Distribution of Fines and Fees	0	(2,854)	(2,854)
Principal Retirement	(98,000)	0	(98,000)
Interest and Other Fiscal Charges	(79,032)	0	(79,032)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(140,449)</u>	<u>85</u>	<u>(140,364)</u>
<i>Net Change in Fund Cash Balances</i>	153,332	85	153,417
<i>Fund Cash Balances, January 1</i>	<u>1,130,267</u>	<u>2,395</u>	<u>1,132,662</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,283,599</u></u>	<u><u>\$2,480</u></u>	<u><u>\$1,286,079</u></u>

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

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Thornville is a public body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Thornville provides the following services to its citizens: police protection, parks and recreation, Zoning, street maintenance and repairs, water and sewer.

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

Basis of Presentation

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported 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 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 The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.

Police Levy Fund The Police Levy Fund accounts for the money received from the levy and also pays for the expenses to run the police department.

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Endowment Fund The Cemetery Endowment Fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the upkeep of the benefactor's family lot in the Village's cemetery.

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's significant enterprise funds:

Water Fund The Water Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds The fiduciary fund category is split into private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency fund consists of fines and costs collected by the Village Mayor's court which have not yet been distributed.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates.

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources.

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 reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively. Money market mutual funds are recorded at share values the mutual funds report.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 was \$1,827.

Capital Assets

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

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

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

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Budgetary Basis of Accounting

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$148,725	\$154,188	\$5,463
Special Revenue	148,550	156,023	7,473
Permanent	2	2	0
Enterprise	802,150	857,854	55,704
Total	\$1,099,427	\$1,168,067	\$68,640

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$231,205	\$136,830	\$94,375
Special Revenue	278,185	138,709	139,476
Permanent	385	277	108
Enterprise	1,113,950	708,606	405,344
Total	\$1,623,725	\$984,422	\$639,303

Note 4 – Deposits and Investments

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

	2016
Demand deposits	\$2,230,569
Certificate of deposit	1,000
Total deposits	2,231,569
Equity Mutual Funds	108,789
Total deposits and investments	\$2,340,358

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool. A financial institution's trust department holds the Village's equity securities in book entry form in the Village's name.

Note 5 - Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 5 - Property Taxes (Continued)

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.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 6 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the Village contracted with Wichert Insurance.

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium is applied to all cities in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for all cities in the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangements insures that each participant shares equally in the overall performance of the GRP.

The Village's health insurance is handled by Medical Mutual. The cost per employee is based on coverage elected along with several other factors.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Pension Fund

Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 7 - Defined Benefit Pension Plans (Continued)

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members. The Village has paid all contributions required through December 31, 2016.

Note 8 - 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2 percent during calendar year 2016. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$1,403,426	6.39%
Ohio Public Works CR 13N	68,333	0.00%
Ohio Public Works CR 25P	21,905	0.00%
Total	\$1,493,664	

The Ohio Water Development Authority (OWDA) loan relates to the construction of a waste water treatment plant project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$2,415,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$95,896, including interest, over 25 years. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CR 13N relates to the loan for the upgrade of the Village’s sewer infiltration and inflow system not to exceed \$128,000. The Village will repay the loans in semiannual installments of \$1,289 over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CR 25P relates to the improvements of Village streets not to exceed \$39,637. The Village will repay the loans in semiannual installments of \$664 over 20 years. The Village’s taxing authority collateralized the loan.

Village of Thornville, Ohio
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	OWDA Loan	OPWC Loan CR 13N	OPWC Loan CR 25P
2017	\$191,791	\$2,579	\$1,328
2018	191,791	2,579	1,328
2019	191,791	2,579	1,328
2020	191,791	2,579	1,328
2021	191,791	2,579	1,328
2022-2026	958,956	12,893	6,638
2027-2031	0	12,893	6,638
2032-2036	0	12,893	1,989
2037-2041	0	12,893	0
2042-2043	0	3,866	0
Total	<u>\$1,917,911</u>	<u>\$68,333</u>	<u>\$21,905</u>

OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

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 Thornville, Perry County, Ohio (the Village), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated January 25, 2019, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph 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 a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

53 Johnson Road, The Plains, Ohio 45780-1231
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www.ohioauditor.gov

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

January 25, 2019

**VILLAGE OF THORNVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Material Weakness

In our audit engagement letter, as required by AU-C § 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C § 210 paragraphs .A14 & .A16.

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

Auditor of State (AOS) Bulletin 2000-008 provides guidance on the accounting for cash basis local governments' participation in on-behalf of grants.

The Village received credit enhancement interest payments from the Ohio Water Development Authority (OWDA) which reduced the required interest payments the Village was required to pay on their outstanding loan; however, the credit enhancement interest payments would be considered on-behalf of monies and the Village should have posted these subsidies as revenue/expenditure on the accounting records.

The Village has a mayor's court but did not post this activity to the accounting records as an agency fund.

Also, the Village did not properly classify its December 31, 2017 and 2016 governmental fund cash balances in accordance with Governmental Accounting Standards Board (GASB) Statement Number 54 - Fund Balance Reporting and Governmental Fund Type Definitions, effective for fiscal years beginning after June 15, 2010.

We noted the following in 2017:

- Credit Enhancement Interest payments were not posted as memo entries by the Village. Total posted should have been \$34,083 as Intergovernmental Revenue and \$34,083 as Interest and Fiscal Charges in the Sewer Enterprise Fund.
- Mayor's court fines and fees receipts and distribution activity were not posted to the accounting system as an agency fund. Total court fines and fees were \$3,847 and total distributions were \$3,802.
- A portion of the General Fund balance, representing a budgetary resource for subsequent year appropriations, totaling \$91,405, was classified as Unassigned rather than Assigned fund balance.

We noted the following in 2016:

- Credit Enhancement Interest payments were not posted as memo entries by the Village. Total posted should have been \$36,378 as Intergovernmental Revenue and \$36,378 as Interest and Fiscal Charges in the Sewer Enterprise Fund.
- Mayor's court fines and fees receipts and distribution activity were not posted to the accounting system as an agency fund. Total court fines and fees were \$2,939 and total distributions were \$2,854. The beginning cash balance (1/1/16) of the Mayor's court was \$2,395.
- A portion of the General Fund balance, representing a budgetary resource for subsequent year appropriations, totaling \$83,745, was classified as Unassigned rather than Assigned fund balance.

**VILLAGE OF THORNVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2017-001 (Continued)

Material Weakness (Continued)

The above adjustments, to which management agrees, are reflected in the accompanying financial statements.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Village's financial position and operations.

The Village Fiscal Officer should set up an agency fund in the Uniform Accounting Network (UAN) computer system to account for mayor's court receipt and disbursement activity. This activity could be entered into the UAN system once at year-end which would help ensure the mayor's court activity would be properly reflected on the Village's annual financial statements. Also, the Village Fiscal Officer may refer to AOS Bulletin 2011- 004 for additional guidance regarding fund balance classifications and AOS Bulletin 2000-008 for additional guidance on accounting for on-behalf of grants from other governments.

Officials' Response: Correction will be made in 2018.

OHIO AUDITOR OF STATE KEITH FABER



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
FEBRUARY 14, 2019**