

VILLAGE OF DANVILLE, OHIO
KNOX COUNTY

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 2000**

J. E. Slaybaugh & Associates, Inc.
Certified Public Accountant
12 East Main Street
Lexington, Ohio 44904



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Village Council
Village of Danville

We have reviewed the Independent Auditor's Report of the Village of Danville, Knox County, prepared by J.E. Slaybaugh & Associates, Inc. for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted this report 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.

JIM PETRO
Auditor of State

July 31, 2001

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**VILLAGE OF DANVILLE, OHIO
KNOX COUNTY**

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 2000

Table of Contents

	<u>Page</u>
Elected Officials as of December 31, 2000	(i)
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For The Year Ended December 31, 2000	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types - For The Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For The Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types - For The Year Ended December 31, 1999	5
Notes to the Financial Statements	6 - 13
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14

VILLAGE OF DANVILLE, OHIO
KNOX COUNTY

512 South Market St.
Danville, Ohio 43014

ELECTED OFFICIALS
AS OF DECEMBER 31, 2000

NAME	TITLE	TERM OF OFFICE	SURETY	AMOUNT	PERIOD
Allen Frye	Mayor P.O. Box 250 Danville, OH 43014	1/1/00 - 12/31/03	(A)	\$ 10,000	(B)
James Stuller	Council Member	1/1/00 - 12/31/03			
Patrick Crow	Council Member	1/1/00 - 12/31/03			
Brent Kaylor	Council Member	1/1/94 - 12/31/01			
Sandra Ridgway	Council Member	1/1/94 - 12/31/01			
Robert Dile	Council Member	1/1/98 - 12/31/01			
Todd Didinger	Council Member	1/1/98 - 12/31/01			
Laurene L. Vess	Clerk/Treasurer	4/1/00 - 3/31/04	(A)	\$ 10,000	(B)

Statutory Legal Counsel

Richard B. Murray, Attorney at Law
110 East Gambier Street
Mt. Vernon, Ohio 43050

- (A) Ohio Risk Management
(B) Concurrent With Term

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John E. Slaybaugh III
Certified Public Accountant

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Village of Danville, Knox County, Ohio, as of and for the years ended December 31, 1999 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

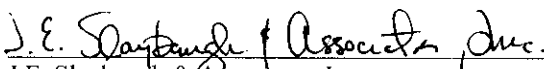
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Village of Danville, Knox County, Ohio, as of December 31, 1999 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2001 on our consideration of the Village's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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



J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
July 10, 2001

**VILLAGE OF DANVILLE, OHIO
KNOX COUNTY**

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

	Governmental			Capital Projects	Total	(Memorandum Only)
	General	Special Revenue	Debt Service			
CASH RECEIPTS:						
Local Taxes	\$ 119,080	\$ 49,948			\$ 169,028	
Intergovernmental	36,551	80,154		10,066	126,771	
Special Assessments			689		689	
Charges for Services	107	144,063			144,170	
Fines, Licenses, and Permits	3,968				3,968	
Miscellaneous	27,421	8,789			36,210	
Total Cash Receipts	187,127	282,954	689	10,066	480,836	
CASH DISBURSEMENTS:						
Current:						
Security of Persons and Property	8,731	202,315			211,046	
Public Health Services	681				681	
Leisure Time Activities	352	5,473			5,825	
Transportation		25,860			25,860	
General Government	110,488				110,488	
Capital Outlay	12,870	87,269		36,337	136,476	
Debt Service			56,119		56,119	
Total Program Disbursements	133,122	320,917	56,119	36,337	546,495	
Total receipts over/(under) program disbursements	54,005	(37,963)	(55,430)	(26,271)	(65,659)	

**VILLAGE OF DANVILLE, OHIO
KNOX COUNTY**

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

	Governmental			Capital Projects	(Memorandum Only)
	General	Special Revenue	Debt Service	Total	
OTHER FINANCING RECEIPTS/(DISBURSEMENTS):					
Transfers-In		73,046	55,383	25,713	154,142
Transfers-Out	(97,692)	(55,622)			(153,314)
Other Sources	5,577	1,820			7,397
Other Uses	(1,340)				(1,340)
Total other financing receipts/(disbursements)	(93,455)	19,244	55,383	25,713	6,885
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(39,450)	(18,719)	(47)	(558)	(58,774)
Fund Cash Balances - January 1, 2000	288,244	228,957	577	3,262	521,040
Fund Cash Balances - December 31, 2000	\$ 248,794	\$ 210,238	\$ 530	\$ 2,704	\$ 462,266
Reserve for Encumbrances - December 31, 2000	\$ 22,300	\$ 35,375			\$ 57,675

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

**VILLAGE OF DANVILLE, OHIO
KNOX COUNTY**

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

	Enterprise	(Memorandum Only) Total
OPERATING CASH RECEIPTS:		
Charges for Services	\$ 342,884	\$ 342,884
Total Cash Receipts	342,884	342,884
 OPERATING CASH DISBURSEMENTS:		
Personal Services	113,655	113,655
Contractual Services	70,812	7,812
Supplies and Materials	32,674	32,674
Capital Outlay	26,534	26,534
Total Program Disbursements	243,675	243,675
Total receipts over/(under) program disbursements	99,209	99,209
 NON-OPERATING REVENUES:		
Other Non-Operating Revenues	1,599	1,599
 NON-OPERATING EXPENSES:		
Debt Service	111,519	111,519
 OTHER FINANCING RECEIPTS/(DISBURSEMENTS):		
Transfers-In	111,519	111,519
Transfers-Out	(112,347)	(112,347)
Total other financing receipts/(disbursements)	(828)	(828)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(11,539)	(11,539)
Fund Cash Balances - January 1, 2000	314,604	314,604
Fund Cash Balances - December 31, 2000	\$ 303,065	\$ 303,065
Reserve for Encumbrances, December 31, 2000	\$ 2,050	\$ 2,050

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

**VILLAGE OF DANVILLE, OHIO
KNOX COUNTY**

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

	Governmental			Capital Projects	Total	(Memorandum Only)
	General	Special Revenue	Debt Service			
CASH RECEIPTS:						
Local Taxes	\$ 107,068	\$ 45,744			\$ 152,812	
Intergovernmental	76,232	45,444		\$ 71,806	193,482	
Special Assessments			682		682	
Charges for Services	102	140,596			140,698	
Fines, Licenses, and Permits	288				288	
Miscellaneous	<u>29,996</u>	<u>8,228</u>			<u>38,224</u>	
Total Cash Receipts	213,686	240,012	682	71,806	526,186	
CASH DISBURSEMENTS:						
Current:						
Security of Persons and Property	10,274	170,380			180,654	
Public Health Services	544				544	
Leisure Time Activities	183	5,532			5,715	
Transportation		24,397			24,397	
General Government	115,436				115,436	
Capital Outlay	8,723	29,311		138,454	176,488	
Debt Service			<u>57,764</u>		<u>57,764</u>	
Total Program Disbursements	135,160	229,620	57,764	138,454	560,998	
Total receipts over/(under) program disbursements	78,526	10,392	(57,082)	(66,648)	(34,812)	

**VILLAGE OF DANVILLE, OHIO
KNOX COUNTY**

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

	Governmental			Capital Projects	(Memorandum Only)
	General	Special Revenue	Debt Service	Total	
OTHER FINANCING					
RECEIPTS/(DISBURSEMENTS):					
Transfers-In		66,700	56,969	69,910	193,579
Transfers-Out	(132,431)	(60,820)			(193,251)
Other Sources	31,881	3,753			35,634
Other Uses	(721)				(721)
Total other financing receipts/(disbursements)	(101,271)	9,633	56,969	69,910	35,241
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(22,745)	20,025	(113)	3,262	429
Fund Cash Balances - January 1, 1999	310,989	208,932	690	-	520,611
Fund Cash Balances - December 31, 1999	\$ 288,244	\$ 228,957	\$ 577	\$ 3,262	\$ 521,040
Reserve for Encumbrances - December 31, 1999	\$ 6,288	\$ 16,897			\$ 23,185

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

**VILLAGE OF DANVILLE, OHIO
KNOX COUNTY**

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

	Enterprise	(Memorandum Only) Total
OPERATING CASH RECEIPTS:		
Charges for Services	\$ 344,971	\$ 344,971
Total Cash Receipts	344,971	344,971
OPERATING CASH DISBURSEMENTS:		
Personal Services	104,249	104,249
Contractual Services	69,980	69,980
Supplies and Materials	21,866	21,866
Capital Outlay	33,704	33,704
Total Program Disbursements	229,799	229,799
Total receipts over/(under) program disbursements	115,172	115,172
NON-OPERATING REVENUES:		
Other Non-Operating Revenues	1,368	1,368
NON-OPERATING EXPENSES:		
Debt Service	80,883	80,883
OTHER FINANCING RECEIPTS/(DISBURSEMENTS):		
Transfers-In	81,383	81,383
Transfers-Out	(81,711)	(81,711)
Total other financing receipts/(disbursements)	(328)	(328)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	35,329	35,329
Fund Cash Balances - January 1, 1999	279,275	279,275
Fund Cash Balances - December 31, 1999	\$ 314,604	\$ 314,604
Reserve for Encumbrances, December 31, 1999	\$ 7,052	\$ 7,052

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

**VILLAGE OF DANVILLE, OHIO
KNOX COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Danville, Knox County is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected mayor and six member council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), fire protection and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

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

C. Cash and Investments

Certificates of Deposit are valued at cost.

D. Fund Accounting

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

General Fund

The general fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

Fire Fund - This fund receives general and tangible personal property tax money for the operation of the Village fire department. This fund also receives contractual service money for providing fire protection for participating townships.

Debt Service Fund

This fund is used to accumulate resources for the payment of bond and note indebtedness:

The Ohio Water Development Authority (O.W.D.A.) Sewer Construction Debt Fund is used to retire debt related to construction of the sewer plant originated in 1982.

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Capital Project-Water Well Improvement - Established to record activity of the OWDA project relating to the water well improvements.

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds:

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

Sewer Fund - Receives charges for services from residents to cover the cost of providing this utility.

E. 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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Village must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. Equity in Pooled Cash and Investments

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at the years ended December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$ 765,311	\$ 835,644
Total deposits	<u>\$ 765,311</u>	<u>\$ 835,644</u>

Deposits

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 177,292	\$ 192,704	\$ 15,412
Special Revenue	341,288	357,820	16,532
Debt Service	55,376	56,072	696
Capital Projects	462,478	35,779	(426,699)
Enterprise	<u>451,519</u>	<u>456,002</u>	<u>4,483</u>
Total	<u>\$ 1,487,953</u>	<u>\$ 1,098,377</u>	<u>\$ (389,576)</u>

Note: Negative variance was caused by unadjusted budget for anticipated receipts (not received) for a waterworks improvement project.

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 472,576	\$ 254,454	\$ 218,122
Special Revenue	588,025	411,914	176,111
Debt Service	56,119	56,119	-
Capital Projects	488,488	36,337	452,151
Enterprise	<u>745,724</u>	<u>469,591</u>	<u>276,133</u>
Total	<u>\$ 2,350,932</u>	<u>\$ 1,228,415</u>	<u>\$ 1,122,517</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 176,000	\$ 245,567	\$ 69,567
Special Revenue	304,180	310,465	6,285
Debt Service	57,627	57,651	24
Capital Projects	466,000	141,716	(324,284)
Enterprise	<u>580,038</u>	<u>427,723</u>	<u>(152,315)</u>
Total	<u>\$ 1,583,845</u>	<u>\$ 1,183,122</u>	<u>\$ (400,723)</u>

Note: Negative variances were caused by unadjusted budgets for anticipated receipts (not received) for a waterworks project.

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 486,988	\$ 274,600	\$ 212,388
Special Revenue	513,074	307,337	205,737
Debt Service	57,764	57,764	-
Capital Project	536,000	138,454	397,546
Enterprise	<u>795,402</u>	<u>399,445</u>	<u>395,957</u>
Total	<u>\$ 2,389,228</u>	<u>\$ 1,177,600</u>	<u>\$ 1,211,628</u>

4. Property Tax

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Debt

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Special Assessment Bonds	\$ 1,000	10.50%
OWDA Loan	11,113	12.00%
OWDA Loan	1,119,347	2.20%
OWPC Loan	17,642	0.00%
Installment Loans	118,250	5.25%
Installment Loan	<u>41,433</u>	7.88%
Total	<u>\$ 1,308,785</u>	

Outstanding special assessment bonds consist of water improvement construction issues. Special assessment bonds are a direct obligation of the Village for which its full faith credit and resources are pledged and are payable from taxes on all taxable property in the Village.

The Ohio Water Development Authority (OWDA) Sewer construction loan was for utility construction of the sewer plant originated in 1982. The OWDA Sewer Upgrade construction loan was for improvements mandated by the Environmental Protection Agency (EPA), to be completed for the Village sewer system.

The Ohio Water Public Works Commission (OWPC) Street Improvement loan is for the extension of a village street.

The installment loans are for an emergency rescue vehicle and a pumper fire truck. The issues are a direct obligation of the Village for which its full faith credit and resources are pledged.

The installment loan is for a fire department rescue vehicle. The issue is a direct obligation of the Village for which its full faith credit and resources are pledged.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	Special Assessment	ODWA Loans	OWPC Loan	Installment Loans
2001	\$ 1,000	\$ 86,026	\$ 1,534	\$ 42,286
2002		84,359	1,534	43,175
2003		82,409	1,534	44,659
2004		84,337	1,534	29,563
2005		86,305	1,534	
later years		<u>707,024</u>	<u>9,972</u>	
Totals	<u>\$ 1,000</u>	<u>\$ 1,130,460</u>	<u>\$ 17,642</u>	<u>\$ 159,683</u>

6. Retirement System

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 2000, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55 % through June 2000 and 8.13% (temporary rollback rate) for the period July 2000 through December 2000 of participant's gross salaries. The Village has paid all contributions required through December 31, 2000 as follows:

	<u>Payroll</u>	<u>Contribution</u>
1999	\$ 126,198	\$ 17,100
2000	\$ 132,859	\$ 14,349

The policemen of the Village are covered by the Police and Firemen's Disability Pension Fund, also accounted for by the State of Ohio. For 1999 and 2000, policemen contributed 10% of their gross salaries. The Village contributed an amount equal to 19.5% of the participant's gross salaries. The Village has paid all contributions required through December 31, 2000 as follows:

	<u>Payroll</u>	<u>Contribution</u>
1999	\$ 51,597	\$ 10,061
2000	\$ 77,141	\$ 15,042

7. Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public official's liability

Coverage is provided by Ohio Government Risk Management Plan.

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

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCP*

*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of Village of Danville, Knox County, as of and for the years ended December 31, 1999 and 2000, and have issued our report thereon dated July 10, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Village of Danville's financial statements are free of material misstatement, we performed tests of its compliance with certain laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control

In planning and performing our audit, we considered Village of Danville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses.

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

J.E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.

Lexington, Ohio

July 10, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
AUGUST 16, 2001**