

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY**

DAYTON REGION

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006



Mary Taylor, CPA
Auditor of State

Village Council
Village of South Vienna
149 West Main Street
P.O. Box 569
South Vienna, Ohio 45369

We have reviewed the *Report of Independent Accountants* of the Village of South Vienna, Clark County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2006 through December 31, 2007. 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 South Vienna is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 15, 2008

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**VILLAGE OF SOUTH VIENNA
CLARK COUNTY**

TABLE OF CONTENTS

<i>Title</i>	<i>Page</i>
Report of Independent Accountants'	1
Management Discussion and Analysis	4
Basic Financial Statements for Ended December 31, 2007:	
Statement of Net Assets - Modified Cash Basis	12
Statement of Activities - Modified Cash Basis	13
Fund Financial Statements for Ended December 31, 2007:	
Governmental Funds	
Statement of Modified Cash Basis Assets and Fund Balances - Governmental Funds	14
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances - Governmental Funds	15
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balance - Budget and Actual - Budget Basis - General Fund	16
Statement of Net Assets Modified Cash Basis - Enterprise Funds	17
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Modified Cash Basis - Enterprise Funds	18
Basic Financial Statements for Ended December 31, 2006:	
Statement of Net Assets - Modified Cash Basis	19
Statement of Activities - Modified Cash Basis	20
Fund Financial Statements for Ended December 31, 2006:	
Governmental Funds	
Statement of Modified Cash Basis Assets and Fund Balances - Governmental Funds	21
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances - Governmental Funds	22
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual - Budget Basis - General Fund	23
Statement of Net Assets Modified Cash Basis - Enterprise Funds	24
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Modified Cash Basis - Enterprise Funds	25

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY**

TABLE OF CONTENTS

<i>Title</i>	<i>Page</i>
Notes to the Financial Statements	26
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	44
Schedule of Findings	46
Schedule of Prior Audit Findings	48

**MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

REPORT OF INDEPENDENT ACCOUNTANTS'

Mayor and Village Council
Village of South Vienna
Clark County
149 W. Main St.
South Vienna, Ohio 45369

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the remaining aggregate fund information of the Village of South Vienna, Clark County (the Village), as of and for the years ended December 31, 2007 and 2006. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 audits provide a reasonable basis for our opinion.

As discussed in Note 2, the Village of South Vienna prepares its financial statements and notes on the modified cash basis of accounting. This is a comprehensive accounting basis other than accounting principle generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Vienna, Clark County, Ohio, as of December 31, 2007 and 2006, and the respective changes in the cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 22, 2008, on our consideration of the Village's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Village of South Vienna
Clark County
Independent Accountant's Report
Page 2

Management's discussion and analysis is not a required part of the basis financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquires of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 22, 2008

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Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This management's discussion and analysis of the Village of South Vienna's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2007 and 2006, within the limitations of the Village's cash basis accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the modified cash-basis basic financial statements and the notes to the financial statement to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2007 and 2006 are as follows:

The total net cash assets of the Village increased \$205,912 in 2007 compared to an \$8,521 increase in 2006. Net cash assets of governmental activities increased \$136,872, which represents a 74% increase in the fiscal year 2007 compared to a decrease of \$22,440, which represents a 10% decrease in fiscal year 2006. Net cash assets of business-type activities increased \$69,040 or 8% in fiscal year 2007 compared to an increase of \$30,961, or 3% increase in fiscal year 2006.

General receipts accounted for \$124,528 or 40% of total governmental activities cash receipts in 2007 an increase of \$32,726 from 2006 when general cash receipts accounted for \$91,802 or 69% of total governmental activities cash receipts. Program specific cash receipts accounted for \$108,290 or 35% of total governmental activities cash receipts in 2007 an increase of \$68,330 from 2006 when program specific cash receipts accounted for \$39,960 or 31% of total governmental activities cash receipts.

The Village had \$168,546 in cash disbursements related to governmental activities in 2007 compared to \$154,202 in 2006; for 2007 \$108,290 and for 2006 \$39,960 of these cash disbursement were offset by program specific charges for services, grants or contributions. In 2007 general cash receipts (primarily taxes and interest earnings) of \$124,528 were adequate to provide for these programs, but in 2006 general cash receipts of \$91,802 were not adequate to provide for these programs.

For 2007 the Village's major governmental funds are the general fund and grant construction capital projects fund. The general fund, the Village's largest major fund, had cash receipts and other financing sources of \$210,797 in 2007. The cash disbursements of the general fund, totaled \$92,305 in 2007. The General Fund's cash balance increased \$118,492 from 2006 to 2007.

For 2006 the Village's major governmental fund is the general fund. The general fund, the Village's largest major fund, had cash receipts of \$109,124 in 2006. The cash disbursements of the general fund, totaled \$125,592 in 2006. The General Fund's cash balance decreased \$16,468 from 2005 to 2006.

Net cash assets for the sewer enterprise fund increased in 2007 by \$399 or 0.3% while in 2006 the net cash assets for the sewer enterprise fund increase by \$6,267 or 5%. Net cash assets for the electric enterprise fund increase in 2007 by \$70,344 or 13% while in 2006 the net cash assets for the electric enterprise fund increase by \$5,435 or 1%.

Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2007 and 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Reporting the Village as a Whole (continued)

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well, such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental Activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. Local government, property taxes, fines and earnings on investment finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities. The Village has three business-type activities, the provision of water, sewer, and electric. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate how it may be used and is being spent for the intended purpose. Village funds are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2007 are the General Fund and Grant Construction Fund. The Village's major governmental fund for 2006 is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's major enterprise funds are the water, sewer and electric funds for 2007 and the sewer and electric for 2006.

Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on a modified cash basis:

(Table 1)
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Assets						
Cash and Cash Equivalents	321,372	184,500	910,196	841,156	1,231,568	1,025,656
Total Assets	<u>321,372</u>	<u>184,500</u>	<u>910,196</u>	<u>841,156</u>	<u>1,231,568</u>	<u>1,025,656</u>
Net Assets						
Restricted for:						
Other Purposes	51,112	32,732	0	0	51,112	32,732
Unrestricted	<u>270,260</u>	<u>151,768</u>	<u>910,196</u>	<u>841,156</u>	<u>1,180,456</u>	<u>992,924</u>
Total Net Assets	<u>321,372</u>	<u>184,500</u>	<u>910,196</u>	<u>841,156</u>	<u>1,231,568</u>	<u>1,025,656</u>

As mentioned previously, net assets of governmental activities increased \$136,872 during 2007 and decreased \$22,440 during 2006. The primary reason for these changes in cash balances are as follows:

2007

- SBC lease payment for \$72,600 made to the Village for park property for rights
- Construction grant received from CDBG for \$62,904 for Village
- Received estate tax payments

2006

- A \$6,000 increase in security of persons and property mainly due to rising costs of operations including the price of fuel.
- Village disbursed \$28,610 for street paving and repairs
- The new development in Village increased the Village Solicitor payments.

Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Table 2 reflects the changes in net assets on a modified cash basis in 2007 and 2006 for governmental activities, business-type activities and total primary government.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$19,975	\$23,532	\$593,293	\$544,101	\$613,268	\$567,633
Operating Grants and Contributions	25,411	16,428	0	0	\$25,411	\$16,428
Capital Grants and Contributions	62,904	0	0	0	\$62,904	\$0
Total Program Receipts	<u>108,290</u>	<u>39,960</u>	<u>593,293</u>	<u>544,101</u>	<u>701,583</u>	<u>584,061</u>
General Receipts:						
Property and Other Taxes	30,572	29,715	0	0	30,572	29,715
Grants and Entitlements Not Restricted to Specific Programs	29,520	6,157	0	0	29,520	6,157
Earnings on Investments	50,082	44,702	0	0	50,082	44,702
Miscellaneous	14,354	11,228	1,789	0	16,143	11,228
Total General Receipts	<u>124,528</u>	<u>91,802</u>	<u>1,789</u>	<u>0</u>	<u>126,317</u>	<u>91,802</u>
Special Items	72,600	0	0	0	72,600	0
Total Receipts	<u>305,418</u>	<u>131,762</u>	<u>595,082</u>	<u>544,101</u>	<u>900,500</u>	<u>675,863</u>
Disbursements:						
General Government	47,372	75,915	0	0	47,372	75,915
Security of Persons and Property:	41,807	46,250	0	0	41,807	46,250
Public Health Services	0	50	0	0	0	50
Leisure Time Activities	1,002	984	0	0	1,002	984
Basic Utilities	2,124	2,393	0	0	2,124	2,393
Capital Outlay	62,904	0	0	0	62,904	0
Transportation	13,337	28,610	0	0	13,337	28,610
Water Operating	0	0	64,875	49,377	64,875	49,377
Sewer Operating	0	0	60,272	61,944	60,272	61,944
Electric Operating	0	0	384,184	386,246	384,184	386,246
Other Enterprise	0	0	16,711	15,661	16,711	15,661
Total Disbursements	<u>168,546</u>	<u>154,202</u>	<u>526,042</u>	<u>513,228</u>	<u>694,588</u>	<u>667,430</u>
Increase (Decrease) in Net Assets	136,872	(22,440)	69,040	30,873	205,912	8,433
Net Assets, January 1	184,500	206,940	841,156	810,283	1,025,656	1,017,223
Net Assets, December 31	<u>\$321,372</u>	<u>\$184,500</u>	<u>\$910,196</u>	<u>\$841,156</u>	<u>\$1,231,568</u>	<u>\$1,025,656</u>

Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Governmental Activities Receipts and Disbursements

For 2007, program receipts represent only 35 percent of total receipts for governmental activities with the primary sources of revenue including grants and contributions and charges for services. For 2006, program receipts represent only 31 percent of total receipts for governmental activities with the primary sources of revenue including operating grants and contributions and charges for services.

For 2007, general receipts represent 40 percent of the Village's total receipts, and of this amount, over 24 percent of the general receipts are local taxes and 40 percent are earnings on the Village's investments. For 2006, general receipts represent 69 percent of the Village's total receipts, and of this amount, over 32 percent of the general receipts are local taxes and 48 percent are earnings on the Village's investments. State and federal grants and entitlements make up the balance of the Village's general receipts. Other receipts are insignificant and somewhat unpredictable sources of revenue.

For 2007 and 2006, disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of administration, council, legal services, fiscal officer, and the municipal building, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police protection; Leisure Time Activities are the costs of maintaining the parks and playing fields; Basic Utility Service is paid by the village for refuse collection; and Transportation is the cost of maintaining the roads.

Business Type Receipts

In the business type activities, program receipts account for 99 and 100 percent of the total receipts for 2007 and 2006, respectively. These receipts are comprised of charges for services, i.e. electric and water and sewer charges.

General receipts in the business type activities represent 1 percent of the Village's total business receipts for 2007; the Village had no general receipts for business activities in 2006.

Governmental Activities

If you look at the 2007 and 2006 Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities (other than Capital Outlay) are for General Government and for Security of Persons and Property, which account for 28 percent and 25 percent, in 2007 and 49 and 30 percent in 2006 of all governmental disbursements, respectively. Capital Outlay, which includes street construction, has the largest program disbursements for governmental activities in 2007 at nearly 37 percent. There were no capital outlay disbursements in 2006, resulting in the higher percentages for General and Security of Persons and Property disbursements made that year.

The next three columns of the Statement, entitled Program Receipts, identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

(Table 3)

Governmental Activities				
	Total Cost Of Services 2007	Net Cost of Services 2007	Total Cost Of Services 2006	Net Cost of Services 2006
General Government	\$ 47,372	\$ (34,172)	\$ 75,915	\$ (56,660)
Security of Persons and Property	41,807	(41,807)	46,250	(46,250)
Public Health Services	0	0	50	(50)
Leisure Time Activities	1,002	2,138	984	(124)
Basic Utilities	2,124	(2,124)	2,393	(2,393)
Transportation	13,337	15,709	28,610	(8,763)
Capital Outlay	62,904	0	0	0
Total Expenses	<u>\$ 168,546</u>	<u>\$ (60,256)</u>	<u>\$ 154,202</u>	<u>\$ (114,240)</u>

The Village's Funds

Total village funds had receipts of \$837,596 and disbursements of \$694,588 in 2007. The fund balance of the General Fund increased \$118,492 due, for the most part, an unexpected increase in intergovernmental receipts, estate taxes, and special item; SBC payment.

In 2007, General Fund receipts exceeded disbursements by \$45,892 due to estate tax settlement, as well as improvements the village has made in control, planning for 2007 and beyond capital and personnel expenditures.

In 2006, total village funds had receipts of \$675,863 and disbursements of \$667,430. General Fund receipts were less than disbursements by \$ 16,468 indicating that the General Fund was in a deficit spending situation; as a result, General Fund limitations were paramount during the 2007 budgetary process.

Business-type Activities

Businesses type activities of the Village saw an increase of 8 percent in net assets in 2007 due to an increase in collections by the Electric Fund and an increase in new business.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were greater than original budgeted receipts in 2007 due to an increase in governmental receipts and earnings on investments. Final budgeted receipts in 2006 were greater than original budgeted receipts due to a significant increase in property tax receipts, earnings on investments, and license and permit receipts.

Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

General Fund Budgeting Highlights (continued)

Because of budgeting conservatively, final disbursements were budgeted at \$234,431 while actual disbursements were \$92,626 in 2007. In 2006, final disbursements were budgeted at 235,429 while actual disbursements were \$125,592.

Capital Assets and Debt Administration

Capital Assets

The Village does not record capital assets in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt

On December 31, 2007, the Village's outstanding debt totaled \$315,438. Included in this debt are mortgage revenue bonds, \$139,933, OMEGA JV-2 financing, \$44,232, and OMEGA JV-5, \$131,273.

Current Issues

The desire of and challenge for South Vienna Village is to continue to provide, and to expand quality services to the public while staying within the restrictions imposed by limited revenue. All departments have been advised to monitor spending carefully, to stay within budgeted goals, and to follow proper purchasing procedures, i.e. purchase orders, etc. Police services are essential to the safety and security of residents, but encumber a significant percentage of village resources. Village officials, under the recommendations of the Finance Committee, continue to monitor them to ensure needed services are available within budgetary restraints. The Village must continue to be diligent in finding revenue sources and prudent in expenditures while making every effort to provide quality public service. Village Finance Committee and administration plans to step up financial forecasting and implement strategies to keep the Village on the right path.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Marcia Farquer, Fiscal Officer, Village of South Vienna, 149 W. Main Street, P.O. Box 569, South Vienna, Ohio 45369.

Village of South Vienna, Clark County
Statement of Net Assets - Modified Cash Basis
December 31, 2007

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	321,372	910,196	1,231,568
<i>Total Assets</i>	<u>321,372</u>	<u>910,196</u>	<u>1,231,568</u>
Net Assets			
Restricted for:			
Other Purposes	51,112	0	51,112
Unrestricted	270,260	910,196	1,180,456
<i>Total Net Assets</i>	<u>321,372</u>	<u>910,196</u>	<u>1,231,568</u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
General Government	47,372	13,200	0	0	(34,172)	0	(34,172)
Security of Persons and Property	41,807	0	0	0	(41,807)	0	(41,807)
Leisure Time Activities	1,002	3,140	0	0	2,138	0	2,138
Community Environment	0	0	0	0	0	0	0
Basic Utility Services	2,124	0	0	0	(2,124)	0	(2,124)
Capital Outlay	62,904	0	0	0	(62,904)	0	(62,904)
Transportation	13,337	3,635	25,411	62,904	78,613	0	78,613
Other	0	0	0	0	0	0	0
<i>Total Governmental Activities</i>	168,546	19,975	25,411	62,904	(60,256)	0	(60,256)
Business Type Activity							
Water	64,875	46,176	0	0	0	(18,699)	(18,699)
Sewer	60,272	89,538	0	0	0	29,266	29,266
Electric	384,184	452,739	0	0	0	68,555	68,555
Other	16,711	4,840	0	0	0	(11,871)	(11,871)
<i>Total Business Type Activities</i>	526,042	593,293	0	0	0	67,251	67,251
Total	<u>694,588</u>	<u>613,268</u>	<u>25,411</u>	<u>62,904</u>	<u>(60,256)</u>	<u>67,251</u>	<u>6,995</u>
General Receipts							
Property and Other Taxes					30,572	0	30,572
Grants and Entitlements not Restricted to Specific Programs					29,520	0	29,520
Earnings on Investments					50,082	0	50,082
Miscellaneous					14,354	1,789	16,143
<i>Total General Receipts</i>					124,528	1,789	126,317
Special Items					72,600	0	72,600
Total General Receipts and Special Item					197,128	1,789	198,917
Change in Net Assets					136,872	69,040	205,912
<i>Net Assets Beginning of Year</i>					184,500	841,156	1,025,656
<i>Net Assets End of Year</i>					<u>321,372</u>	<u>910,196</u>	<u>1,231,568</u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	<u>General</u>	<u>Grant Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	270,260	0	51,112	321,372
<i>Total Assets</i>	<u>270,260</u>	<u>0</u>	<u>51,112</u>	<u>321,372</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	321	0	17	338
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	269,939	0	0	269,939
Special Revenue Funds	0	0	51,095	51,095
<i>Total Fund Balances</i>	<u>270,260</u>	<u>0</u>	<u>51,112</u>	<u>321,372</u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Grant Construction	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	27,901	0	6,306	34,207
Charges for Services	3,140	0	0	3,140
Fines, Licenses and Permits	16,952	0	0	16,952
Intergovernmental	29,520	62,904	23,813	116,237
Earnings on Investments	50,082	0	1,598	51,680
Miscellaneous	10,602	0	0	10,602
<i>Total Receipts</i>	<u>138,197</u>	<u>62,904</u>	<u>31,717</u>	<u>232,818</u>
Disbursements				
Current:				
General Government	47,372	0	0	47,372
Security of Persons and Property	41,807	0	0	41,807
Leisure Time Activities	1,002	0	0	1,002
Basic Utility Services	2,124	0	0	2,124
Transportation	0	0	13,337	13,337
Capital Outlay	0	62,904	0	62,904
<i>Total Disbursements</i>	<u>92,305</u>	<u>62,904</u>	<u>13,337</u>	<u>168,546</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>45,892</u>	<u>0</u>	<u>18,380</u>	<u>64,272</u>
Special Items	<u>72,600</u>	<u>0</u>	<u>0</u>	<u>72,600</u>
<i>Net Change in Fund Balances</i>	118,492	0	18,380	136,872
<i>Fund Balances Beginning of Year</i>	<u>151,768</u>	<u>0</u>	<u>32,732</u>	<u>184,500</u>
<i>Fund Balances End of Year</i>	<u><u>270,260</u></u>	<u><u>0</u></u>	<u><u>51,112</u></u>	<u><u>321,372</u></u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Cash Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	25,752	27,902	27,901	(1)
Charges for Services	1,161	3,140	3,140	0
Fines, Licenses and Permits	20,780	16,952	16,952	0
Intergovernmental	18,936	29,520	29,520	0
Earnings on Investments	45,000	50,082	50,082	0
Miscellaneous	9,932	10,602	10,602	0
<i>Total receipts</i>	<u>121,561</u>	<u>138,198</u>	<u>138,197</u>	<u>(1)</u>
Disbursements				
Current:				
General Government	172,497	175,708	47,488	128,220
Security of Persons and Property	52,443	54,443	42,012	12,431
Public Health Services	50	50	0	50
Leisure Time Activities	1,215	1,215	1,002	213
Community Environment	0	0	0	0
Basic Utility Services	3,015	3,015	2,124	891
<i>Total Disbursements</i>	<u>229,220</u>	<u>234,431</u>	<u>92,626</u>	<u>141,805</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(107,659)</u>	<u>(96,233)</u>	<u>45,571</u>	<u>141,804</u>
Other Financing Sources (Uses)				
Other Financing Uses	<u>(26,527)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(26,527)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Items	72,600	72,600	72,600	0
<i>Net Change in Fund Balance</i>	(61,586)	(23,633)	118,171	141,804
<i>Fund Balance Beginning of Year</i>	151,768	151,768	151,768	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>90,182</u></u>	<u><u>128,135</u></u>	<u><u>269,939</u></u>	<u><u>141,804</u></u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Net Assets - Modified Cash Basis
Enterprise Funds
December 31, 2007

	Business-Type Activities				
	Water	Sewer	Electric	Other Enterprise	Total
Assets					
Equity in Pooled Cash and Cash Equivalents	27,772	123,914	623,001	135,509	910,196
<i>Total Assets</i>	27,772	123,914	623,001	135,509	910,196
Net Assets					
Unrestricted	27,772	123,914	623,001	135,509	910,196

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
*Statement of Cash Receipts, Disbursements and
Changes in Fund Net Assets - Modified Cash Basis
Enterprise Funds
For the Year Ended December 31, 2007*

	Business-Type Activities				Total
	Water	Sewer	Electric	Other Enterprise	
Operating Receipts					
Charges for Services	46,176	89,538	452,739	4,840	593,293
<i>Total Operating Receipts</i>	<u>46,176</u>	<u>89,538</u>	<u>452,739</u>	<u>4,840</u>	<u>593,293</u>
Operating Disbursements					
Personal Services	17,215	18,802	33,419	0	69,436
Fringe Benefits	3,634	2,707	4,818	0	11,159
Contractual Services	24,114	25,010	315,546	0	364,670
Materials and Supplies	13,072	9,641	3,859	0	26,572
Other	0	0	0	2,502	2,502
<i>Total Operating Disbursements</i>	<u>58,035</u>	<u>56,160</u>	<u>357,642</u>	<u>2,502</u>	<u>474,339</u>
<i>Operating Income (Loss)</i>	(11,859)	33,378	95,097	2,338	118,954
Non-Operating Receipts					
Capital Outlay	(6,840)	(4,112)	(9,850)	0	(20,802)
Reduction of Principal	0	0	(7,002)	(6,000)	(13,002)
Interest and Fiscal Charges	0	0	(9,690)	(8,209)	(17,899)
Other Financing Sources	0	0	1,789	0	1,789
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(6,840)</u>	<u>(4,112)</u>	<u>(24,753)</u>	<u>(14,209)</u>	<u>(49,914)</u>
<i>Income (Loss) before Transfers and Advances</i>	(18,699)	29,266	70,344	(11,871)	69,040
Transfers In	0	0	0	28,867	28,867
Transfers Out	0	(28,867)	0	0	(28,867)
<i>Change in Net Assets</i>	(18,699)	399	70,344	16,996	69,040
<i>Net Assets Beginning of Year</i>	<u>46,471</u>	<u>123,515</u>	<u>552,657</u>	<u>118,513</u>	<u>841,156</u>
<i>Net Assets End of Year</i>	<u><u>27,772</u></u>	<u><u>123,914</u></u>	<u><u>623,001</u></u>	<u><u>135,509</u></u>	<u><u>910,196</u></u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	184,500	841,156	1,025,656
<i>Total Assets</i>	<u>184,500</u>	<u>841,156</u>	<u>1,025,656</u>
Net Assets			
Restricted for:			
Other Purposes	32,732	0	32,732
Unrestricted	151,768	841,156	992,924
<i>Total Net Assets</i>	<u>184,500</u>	<u>841,156</u>	<u>1,025,656</u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities						
General Government	75,915	19,255	0	(56,660)	0	(56,660)
Security of Persons and Property	46,250	0	0	(46,250)	0	(46,250)
Public Health Services	50	0	0	(50)	0	(50)
Leisure Time Activities	984	860	0	(124)	0	(124)
Basic Utility Services	2,393	0	0	(2,393)	0	(2,393)
Transportation	28,610	3,417	16,428	(8,765)	0	(8,765)
Other	0	0	0	0	0	0
<i>Total Governmental Activities</i>	154,202	23,532	16,428	(114,242)	0	(114,242)
Business Type Activity						
Sewer	61,944	97,077	0	0	35,133	35,133
Electric	386,246	391,681	0	0	5,435	5,435
Other	65,038	55,343	0	0	(9,695)	(9,695)
<i>Total Business Type Activities</i>	513,228	544,101	0	0	30,873	30,873
Total	667,430	567,633	16,428	(114,242) #	30,873 #	(83,369)
General Receipts						
Property and Other Taxes				29,715		29,715
Grants and Entitlements not Restricted to Specific Programs				6,157	0	6,157
Earnings on Investments				44,702	0	44,702
Miscellaneous				11,228	0	11,228
<i>Total General Receipts</i>				91,802	0	91,802
Change in Net Assets				(22,440)	30,873	8,433
<i>Net Assets Beginning of Year</i>				206,940	810,283	1,017,223
<i>Net Assets End of Year</i>				184,500	841,156	1,025,656

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	151,768	32,732	184,500
<i>Total Assets</i>	<u>151,768</u>	<u>32,732</u>	<u>184,500</u>
Fund Balances			
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	151,768		151,768
Special Revenue Funds	0	32,732	32,732
<i>Total Fund Balances</i>	<u>151,768</u>	<u>32,732</u>	<u>184,500</u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	26,922	6,210	33,132
Charges for Services	860	0	860
Fines, Licenses and Permits	22,752	0	22,752
Intergovernmental	6,157	14,826	20,983
Earnings on Investments	44,702	1,602	46,304
Miscellaneous	7,731	0	7,731
<i>Total Receipts</i>	<u>109,124</u>	<u>22,638</u>	<u>131,762</u>
Disbursements			
Current:			
General Government	75,915	0	75,915
Security of Persons and Property	46,250	0	46,250
Public Health Services	50	0	50
Leisure Time Activities	984	0	984
Basic Utility Services	2,393	0	2,393
Transportation	0	28,610	28,610
<i>Total Disbursements</i>	<u>125,592</u>	<u>28,610</u>	<u>154,202</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,468)</u>	<u>(5,972)</u>	<u>(22,440)</u>
<i>Fund Balances Beginning of Year</i>	<u>168,236</u>	<u>38,704</u>	<u>206,940</u>
<i>Fund Balances End of Year</i>	<u><u>151,768</u></u>	<u><u>32,732</u></u>	<u><u>184,500</u></u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Cash Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
Receipts				
Property and Other Local Taxes	9,573	26,922	26,922	0
Charges for Services	1,200	860	860	0
Fines, Licenses and Permits	15,000	22,752	22,752	0
Intergovernmental	5,838	6,155	6,157	2
Interest	10,000	44,702	44,702	0
Miscellaneous	25,765	7,731	7,731	0
<i>Total receipts</i>	<u>67,376</u>	<u>109,122</u>	<u>109,124</u>	<u>2</u>
Disbursements				
Current:				
General Government	181,770	179,809	75,915	103,894
Security of Persons and Property	49,359	51,340	46,250	5,090
Public Health Services	50	50	50	0
Leisure Time Activities	1,215	1,215	984	231
Community Environment	0	0	0	0
Basic Utility Services	3,015	3,015	2,393	622
<i>Total Disbursements</i>	<u>235,409</u>	<u>235,429</u>	<u>125,592</u>	<u>109,837</u>
<i>Net Change in Fund Balance</i>	(168,033)	(126,307)	(16,468)	(109,835)
<i>Fund Balance Beginning of Year</i>	168,037	168,037	168,037	0
Prior Year Encumbrances Appropriated	199	199	199	0
<i>Fund Balance End of Year</i>	<u>203</u>	<u>41,929</u>	<u>151,768</u>	<u>(109,835)</u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Net Assets - Modified Cash Basis
Enterprise Funds
December 31, 2006

	Business-Type Activities			Total
	Sewer	Electric	Other Enterprise	
Assets				
Equity in Pooled Cash and Cash Equivalents	123,515	552,657	164,984	841,156
<i>Total Assets</i>	<u>123,515</u>	<u>552,657</u>	<u>164,984</u>	<u>841,156</u>
Net Assets				
Unrestricted	<u>123,515</u>	<u>552,657</u>	<u>164,984</u>	<u>841,156</u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
*Statement of Cash Receipts, Disbursements and
Changes in Fund Net Assets - Modified Cash Basis*
Enterprise Funds
For the Year Ended December 31, 2006

	Business-Type Activities			Total
	Sewer	Electric	Other Enterprise	
Operating Receipts				
Charges for Services	97,077	391,681	55,343	544,101
<i>Total Operating Receipts</i>	<u>97,077</u>	<u>391,681</u>	<u>55,343</u>	<u>544,101</u>
Operating Disbursements				
Personal Services	19,118	31,095	19,061	69,274
Fringe Benefits	3,110	5,206	3,904	12,220
Contractual Services	24,098	276,603	17,364	318,065
Materials and Supplies	6,515	6,993	9,049	22,557
Other	0	0	1,431	1,431
<i>Total Operating Disbursements</i>	<u>52,841</u>	<u>319,897</u>	<u>50,809</u>	<u>423,547</u>
<i>Operating Income (Loss)</i>	44,236	71,784	4,534	120,554
Non-Operating Receipts				
Capital Outlay	(9,103)	(44,977)	0	(54,080)
Reduction of Principal	0	(8,848)	(5,700)	(14,548)
Interest and Fiscal Charges	0	(12,524)	(8,529)	(21,053)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(9,103)</u>	<u>(66,349)</u>	<u>(14,229)</u>	<u>(89,681)</u>
<i>Income (Loss) before Transfers and Advances</i>	35,133	5,435	(9,695)	30,873
Transfers In	0	0	28,866	28,866
Transfers Out	(28,866)	0	0	(28,866)
<i>Change in Net Assets</i>	6,267	5,435	19,171	30,873
<i>Net Assets Beginning of Year</i>	<u>117,248</u>	<u>547,222</u>	<u>145,813</u>	<u>810,283</u>
<i>Net Assets End of Year</i>	<u><u>123,515</u></u>	<u><u>552,657</u></u>	<u><u>164,984</u></u>	<u><u>841,156</u></u>

See accompanying notes to the basic financial statements

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Reporting Entity

The Village of South Vienna, Clark County, Ohio (the Village), is a political and corporate body 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 publically elected six-member Council.

Management believes the financial statements included in this report represent all of the funds over which the Village officials are financially accountable, except debt service funds maintained outside custodians which are not included in these financial statements.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water, sewer, and electric utilities, maintenance of Village roads and bridges, park operations, and police services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

The Village does not consist of any component units, which are legally separate organizations for which the Village is financially accountable.

C. Jointly Governed Organizations

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the *modified* cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in two jointly governed organizations. Note 12 to the financial statements provide additional information for these entities. These organizations are:

Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) – The Village is a participant with thirty-six subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Omega JV-2 was created for that purpose. The Omega JV-2 is managed by AMP-Ohio which acts as the joint venture's agent.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Reporting Entity (continued)

C. Jointly Governed Organizations (continued)

Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) – The Village is a participant with forty-two subdivisions within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Omega JV-5 was created for that purpose.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities or to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investment balances of the governmental and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Village's general cash receipts.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Village has no internal service funds.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. Village funds are divided into three categories: governmental, proprietary and fiduciary. The Village has no fiduciary funds.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds for 2007 were the general fund and the capital improvements fund. The Village's major governmental fund for 2006 was the general fund. The General Fund balance is used available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

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

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the electric, water, and sewer funds.

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

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

Sewer Fund – The fund accounts for user charges and expense of maintaining the sewer lines and facilities of the Village.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance; both are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established 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 amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. 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.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

During 2007 and 2006, the Village invested in nonnegotiable certificates of deposit, a money market fund, and STAR Ohio. Certificates of deposit are reported at cost, the money market fund and Star Ohio are reported at the amount reported by the Village's financial institutions on December 31 2007 and 2006.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

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 2007 were \$50,082 and \$44,702 for 2006.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village did not report any restricted assets at December 31, 2007 and 2006.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees, are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting.

J. Employer Contributions

The Village recognizes the cash disbursement for their employer contributions to cost sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for street construction and security of persons and property.

The Village first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either usual in nature or infrequent in occurrence. The Village sold tower rights to SBC in 2007.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis). The Village had no outstanding encumbrances for at year end for 2006 and \$321 for 2007

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories:

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained as cash in the Village treasury, in commercial accounts payable, or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 – Deposits and Investments (continued)

Deposits

At December 31, 2007, the carrying amount of the Village’s deposits was \$192,419, and the bank balance was \$194,151. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures” \$94,151 was exposed to custodial risk as discussed below, while \$100,000 was covered by federal depository Insurance Corporation. At December 31, 2006, the carrying amount of the Village’s deposits was \$38,186, and the bank balance was \$44,962. Of the bank balance \$0 was exposed to custodial risk as discussed below, while \$44,962 was covered by federal depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Village’s deposits may not be returned. All deposits are collateralized with eligible securities in the amounts equal to at least 105% of carrying value of the deposits. Such collateral, as permitted by the Ohio revised code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name or the respective depository bank and pledged as a poll of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village. The Village has no deposit policy for custodial risk beyond the requirements of State statute.

Investments

As of December 31, the Village had the following investments:

	2007 Carrying Value	2006 Carrying Value	Maturity
Money Market Account	\$ 130,798	\$ 124,322	Daily
Star Ohio	574,599	546,384	Average
Certificate of Deposits	333,752	316,764	3-6 Months
Total Portfolio	\$1,039,149	\$ 987,470	

Credit Risk – STAR Ohio carries a rating of AAA by Standard and Poor’s. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Interest Rate Risk – arises because the fair value of investments changes as interest rates change. The Village’s investment policy dealing with interest rate risk limits the investment portfolio maturities to five years or less.

Concentration of Credit Risk - is the risk of loss attributed to the amount of a government’s investment in any single issuer. The Village has no investment policy limiting the amount that may be invested in any one issuer.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 – Deposits and Investments (continued)

Reconciliation of Cash and its Investment to the Statement of Net Assets

The following is a reconciliation of cash and its investment to the Statement of Net Assets at December 31:

Cash and Investment Per Footnote	2007	2006
Investment (summarized above)	\$1,039,149	\$ 987,470
Carrying amount of Village's deposits	192,419	38,186
Total	\$1,231,568	\$1,025,656
Cash and Investment Per Statement of Net Assets	2007	2006
Governmental Activities	\$ 321,372	\$ 184,500
Business-type Activities	910,196	841,156
Equity in Pooled Cash and Cash Equivalents	\$1,231,568	\$1,025,656

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after

October 1, 2005 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005 on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Property Taxes (continued)

The full tax rate for all Village operations for the year ended December 31, 2007 and 2006, was \$2.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which property tax receipts were based are as follows:

Real Property:	2007	2006
Agricultural/Residential	\$4,151,670	\$3,893,090
Other	\$1,225,840	\$812,900
Tangible Personal Property:		
Public Utilities Real	\$33,710	\$175,070
General	\$262,650	\$231,480
Total Assessed Value	<u>\$5,673,870</u>	<u>\$5,112,540</u>

Note 6 – Risk Management

The Village is insured through the Public Entities Pool of Ohio (PEP), an unincorporated non-profit association with 447 governmental entity members providing formalized, jointly administered self-insurance risk management program and other administrative services. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). The Village pays an annual contribution to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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 2007 and 2006, the Village contracted for various types of insurance coverage as follows:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Commercial Property	\$4,027,535
General Liability	\$1,000,000/\$3,000,000 ag
Commercial Crime	\$1,000 - \$5,000
Inland marine	\$341,384
Vehicle	\$1,000,000
Errors and Omissions	\$1,000,000
Public Officials	\$1,000,000
Fidelity and Deposit	\$5,000/\$35,000 ag

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP. If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 7 – Public Entity Risk Pool

Property Coverage

Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements, audited by other accountants, are in conformity with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings as of December 31:

Casualty Coverage	2006	2005	
Assets	\$30,997,868	\$29,719,675	
Liabilities	<u>(15,875,741)</u>	<u>(15,994,168)</u>	
Net Assets	<u>\$15,122,127</u>	<u>\$13,725,507</u>	
Property Coverage			
Assets	\$5,125,326	\$4,443,332	
Liabilities	<u>(863,163)</u>	<u>(1,068,246)</u>	
Net Assets	<u>\$4,262,163</u>	<u>\$3,375,086</u>	

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP sixty days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

The Village also provides health insurance and dental to full-time employees through a private carrier.

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 8 – Defined Benefit Pension Plans (continued)

A. Ohio Public Employees Retirement System (continued)

The combined plan is a cost sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 OR (800)222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. In 2006 it was 9.0 percent. Members who were law enforcement contributed 10.1 percent of their annual covered salaries; members in public safety contributed 9.75 percent. The Village's contribution rate for pension benefits for 2007 was 13.85 percent and 13.70 percent in 2006, except for those plan members in law enforcement and public safety. For those classifications, the Village's pension contributions were 17.17 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$14,446, \$15,479, and \$13,392 respectively.

Note 9 – Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12.

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 and 2006 local government employer contribution rate was 13.85 and 13.70 percent, respectively of covered payroll (17.17 percent for public safety and law enforcement); 5.0 percent (January 1 through June 30) and 6.0 percent (July 1 through December 31) for 2007 and 4.5 percent for 2006, of covered payroll was the portion that was used to fund health care in 2007 and 2006, respectively.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 9 – Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 to 5 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

Note 10 – Debt Obligations

The Village's long-term debt activity for the year ended December 31, 2007, was as follows:

Business-Type Activities	Interest Rate %	Balance			Balance December 31, 2007
		December 31, 2006	Additions	Reduction	
1993 Mortgage Rev Bonds	5.625%	\$145,933	\$0	\$ 6,000	\$139,933
OMEGA JV-5	2.5-5%	135,910	0	4,637	131,273
OMEGA JV-2	5.0%	46,597	0	2,365	44,232
Total		<u>\$328,440</u>	<u>\$0</u>	<u>\$13,002</u>	<u>\$315,438</u>

The Village's long-term debt activity for the year ended December 31, 2006, was as follows:

Business-Type Activities	Interest Rate %	Balance			Balance December 31, 2006
		December 31, 2005	Additions	Reduction	
1993 Mortgage Rev Bonds*	5.625%	\$151,633	\$0	\$ 5,700	\$145,933
OMEGA JV-5	2.5-5%	140,310	0	4,400	135,910
OMEGA JV-2	5.0%	51,045	0	4,448	46,597
Total		<u>\$342,988</u>	<u>\$0</u>	<u>\$14,548</u>	<u>\$328,440</u>

* Restated prior balance from \$150,078 to \$151,633.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 10 – Debt Obligations (continued)

The Mortgage Revenue Bonds were issued in 1993 for \$408,000 with proceeds used for construction of the Village water system. The bonds will be paid over a period of twenty years in annual payments as reflected below. The bonds are collateralized by a first mortgage on the waterworks system. The bonds will be paid by revenue generated by the water/sewer receipts.

As required by the mortgage revenue bond covenant, the Village has established and funded a debt service reserve fund, included as and Enterprise debt service fund.

The following is a summary of the Village’s future annual debt service requirements, including interest:

Year	USDA Mortgage Bonds	OMEGA JV-2	OMEGA JV-5
2008	\$14,171	\$4,687	\$12,005
2009	\$14,217	\$4,686	\$12,005
2010	\$14,140	\$4,684	\$12,003
2011	\$14,146	\$4,687	\$12,004
2012	\$14,230	\$4,687	\$12,004
2013 – 2017	\$70,978	\$23,425	\$60,024
2018 – 2022	\$67,992	\$14,058	\$60,024
2023 – 2026	\$0	\$0	\$23,987
Totals	\$209,874	\$60,914	\$204,056

Note 11– Interfund Transfers

All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.15. The Village had the following interfund transfers:

Transfers from the Sewer Fund to:	2007	2006
Other Enterprise Funds – Debt Service	\$ 28,867	\$ 28,866
Total Transfers from the Sewer Fund	\$ 28,867	\$ 28,866

Note 12 – Jointly Governed Organizations

During the years ended December 31, 2007 and 2006, the Village was a part of the following Joint Ventures:

Ohio Municipal Electric Generation Agency Joint Venture-5 (OMEGA JV-5)

The Village of South Vienna is a Financing Participant with an ownership percentage of .11 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 12 – Jointly Governed Organizations (continued)

Ohio Municipal Electric Generation Agency Joint Venture-5 (OMEGA JV-5) (continued)

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2007 and 2006, South Vienna has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The Village's net investment to date in OMEGA JV5 was \$9,844 at December 31, 2007. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 12 – Jointly Governed Organizations (continued)

Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)

The Village of South Vienna is a Financing Participant and an Owner Participant with percentages of liability and ownership of .12% and .09% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement (Agreement), the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2007 and 2006, the Village of South Vienna has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The Village's net obligation for these bonds at December 31, 2007 was \$37,769 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected). The Village's net investment in OMEGA JV2 was \$36,098 at December 31, 2007. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 12 – Jointly Governed Organizations (continued)

Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2) (continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2007 are:

<u>Municipality</u>	<u>Percent Ownership</u>	<u>KW Entitlement</u>	<u>Municipality</u>	<u>Percent Ownership</u>	<u>KW Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	<u>0.79%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

The Village's liability for the bonds are disclosed below:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	2,482	2,205	4,687
2009	2,604	2,081	4,686
2010	2,733	1,951	4,684
2011	2,879	1,808	4,687
2012	3,032	1,657	4,688
2013-2020	30,502	6,980	37,482
Total Gross Liability	44,232	16,682	60,914
Less: Amounts Held in Reserve	<u>(6,463)</u>		
Net Obligation	<u>37,769</u>		

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**MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

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

Mayor and Village Council
Village of South Vienna
Clark County
149 W. Main St.
South Vienna, Ohio 45369

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Vienna, Clark County (the Village), as of and for the years ended December 31, 2007, and 2006, and have issued our report thereon dated May 22, 2008 wherein we noted the Village prepared its financial statements on the modified cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-consequential financial statement misstatement.

Internal Control Over Financial Reporting, continued

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiency described above, we believe finding number 2007-002 is also material weaknesses.

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 grants agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standard*, which are described in the accompanying schedule of findings as item 2007-001.

We intend this report for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 22, 2008

VILLAGE OF SOUTH VIENNA
CLARK COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 and 2006

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
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FINDING NUMBER 2007-001

Noncompliance

Ohio Rev. Code Section 5705.41 (D) states that no order or contract involving the expenditure of money is to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$3,000 for Villages may be paid by the fiscal officer without such certificate of the taxing authority upon completion of the “then and now” certificate, provided that the expenditures is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Village’s did not properly certify eleven transactions in 2007 and six in 2006, prior to making orders for the expenditures of Village funds. In addition, the exception above was not utilized for these transactions. Procedures should be implemented to not only help assure compliance with this requirement, help prevent the unauthorized obligation of Village funds.

Response: The Fiscal Officer, has taken continuing education class through the Auditor of State to gain a better understanding of the purchase order accounting, and has implemented policies to correct noncompliance.

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 and 2006**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>

FINDING NUMBER 2007-002

Signing of Checks

Checks of the Village require two signatures and are signed by the Fiscal Officer and the Mayor. It was noted three checks in our testing were signed by the Fiscal Officer and someone signing on behalf of the Mayor. The Mayors named was signed followed by "Joe".

This appears to be done when the Mayor is not available for signature. This procedure causes a significant deficiency in internal control. The Village should add an additional signer on the account for when the Mayor is unavailable for signature. The Mayors name should not be signed by anyone other than the Mayor.

Response: Council will review the current procedure.

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2005-VOSV-001	Ohio Revised Code Section 5705.39 requires that no fund should have appropriations in excess of estimated resources	Yes	
2005-VOSV-002	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated	Yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF SOUTH VIENNA

CLARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 30, 2008**