

**THORN TOWNSHIP
PERRY COUNTY**

AUDIT REPORT

JANUARY 1, 2007 – DECEMBER 31, 2008

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Thorn Township
PO Box 419
Thornville, Ohio 43076

We have reviewed the *Independent Auditors' Report* of Thorn Township, Perry County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2007 through December 31, 2008. 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. Thorn Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 17, 2009

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**THORN TOWNSHIP
PERRY COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Thorn Township
Perry County
P.O. Box 419
Thornville, Ohio 43076

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Thorn Township, Perry County as of and for the years ended December 31, 2008 and 2007, which collectively comprised the Township's basic financial statements. These financial statements are the responsibility of the Township'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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Township has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles 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 financial position-cash basis of the governmental activities, major funds and the aggregate remaining fund information of Thorn Township, Perry County, as of December 31, 2008 and 2007, and the respective changes in financial position-cash basis and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and Thorn Township EMS 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 June 5, 2009, on our consideration of Thorn Township'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 5, 2009

THORN TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED

This discussion and analysis of the Thorn Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2008 and 2007, within the limitations of the Township's cash basis accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2008 and 2007 are as follows:

The Township's general receipts are primarily Real Estate and property taxes for governmental activities for the year. Tax receipts for 2008 and 2007 changed very little compared to 2006 as development within the Township has stayed about the same.

In 2008 and 2007, the Township once again provided chip and seal services to various Township roads.

In 2008 and 2007, the Township constructed a new building to house the Township office and equipment.

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 Township's cash basis of accounting.

Report Components

The statement of net assets and statement of activities provide information about the cash activities of the Township as a whole. The statement of cash basis assets and fund balances and the statement of cash receipts, disbursements and changes in fund cash balances, present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic 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.

**THORN TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

Basis of Accounting

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

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their 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 cash basis of accounting.

Reporting the Government as a Whole

The statements of net assets and statements of activities for 2008 and 2007 reflect how the Township did financially within the limitations of the cash basis of accounting. The statement of net assets present the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's tax base, the extent of the Township'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 and real estate taxes.

In the statement of net assets and the statement of activities, we divide the government into governmental activities. All of the Township's basic services are reported here, including road maintenance. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

THORN TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township'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 Township's programs. The Township'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 Township's major governmental funds for 2008 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and Thorn Township EMS Fund. The Township's major governmental funds for 2007 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and Thorn Township EMS Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the township reports on the cash basis.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2008 compared to 2007 and 2006 on the cash basis:

Table 1
NET ASSETS

	<u>Governmental Activities</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assets			
Cash	\$ 866,319	\$ 794,258	\$ 600,020
Total Assets	<u>\$ 866,319</u>	<u>\$ 794,258</u>	<u>\$ 600,020</u>
Net Assets			
Restricted for:			
Permanent Fund:			
Expendable	\$ 593	\$ 517	\$ 474
Nonexpendable	1,000	1,000	1,000
Other Purposes	558,098	477,593	384,425
Unrestricted	<u>306,628</u>	<u>315,148</u>	<u>214,121</u>
Total Net Assets	<u>\$ 866,319</u>	<u>\$ 794,258</u>	<u>\$ 600,020</u>

THORN TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED

Table 2 reflects the changes in net assets in 2008 and 2007 and 2006

Table 2
 CHANGES IN NET ASSETS

	Governmental Activities		
	2008	2007	2006
Receipts:			
Program Receipts:			
Charges for Services	\$ 101,486	\$ 86,444	\$ 71,681
Operating Grants	105,754	115,057	96,399
Total Program Receipts	<u>207,240</u>	<u>201,501</u>	<u>168,080</u>
General Receipts;			
Property and Other Tax	349,771	319,903	324,755
Other Taxes	-	-	20,089
Grants and Entitlements not Restricted	149,919	133,459	64,124
Fines and Forfeitures	79,300	32,610	
Cable Franchise Fees	11,423	-	
Interest	18,486	26,615	30,132
Miscellaneous	88,223	35,942	26,135
Total General Receipts	<u>697,122</u>	<u>548,529</u>	<u>465,235</u>
Total Receipts	<u>904,362</u>	<u>750,030</u>	<u>633,315</u>
Disbursements:			
General Government	140,175	155,147	159,030
Public Safety	96,305	121,258	93,113
Public Works	395,734	207,756	140,319
Health	-	-	25
Human Services	-	-	1,712
Other	-	-	2,520
Capital Outlay	160,343	30,398	135,577
DS – Principal	37,796	37,796	68,059
DS – Interest	1,948	3,437	6,506
Total Disbursements	<u>832,301</u>	<u>555,792</u>	<u>606,861</u>
Increase/(Decrease) In Net Assets	72,061	194,238	26,454
Net Assets, January 1	<u>794,258</u>	<u>600,020</u>	<u>573,566</u>
Net Assets, December 31	<u>\$ 866,319</u>	<u>\$ 794,258</u>	<u>\$ 600,020</u>

Program receipts represent 23%, 27% and 26% of total receipts for 2008, 2007 and 2006, respectively. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 77%, 73% and 74% of the Township's total receipts for 2008, 2007 and 2006, respectively. Local taxes represent 50%, 58% and 74% of the general receipts. Grants and entitlements make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

**THORN TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by Thorn Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are General Government, Public Safety and Public Works, which account for 17%, 12% and 48% in 2008 and 28%, 22% and 37% in 2007 of all governmental disbursements. 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 Township that must be used to provide a specific 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 service and the net cost for 2008 and 2007 is presented in Table 3.

TABLE 3

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$ 140,175	\$ 99,377	\$ 155,147	\$ 100,951
Public Safety	96,305	35,617	121,258	89,010
Public Works	395,734	289,980	207,756	92,699
Capital Outlay	160,343	160,343	30,398	30,398
DS – Principal	37,796	37,796	37,796	37,796
DS - Interest	1,948	1,948	3,437	3,437
Total Expenses	<u>\$ 832,301</u>	<u>\$ 625,061</u>	<u>\$ 555,792</u>	<u>\$ 354,291</u>

The dependence upon property tax is apparent as over 42% and 58% for 2008 and 2007 of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$904,362 and \$766,702 for 2008 and 2007 and disbursements of \$832,301 and \$572,464 for 2008 and 2007, respectively.

**THORN TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

Fund Budgeting Highlights

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

During 2008 and 2007, the Township made amendments to its appropriation budget and receipts budget to reflect changing circumstances. For 2008 and 2007 actual receipts were greater than budgeted receipts.

Final budgeted disbursements for 2008 and 2007 were \$511,724 and \$407,926, respectively. Actual disbursements for 2008 and 2007 were \$398,129 and \$270,521, respectively. The Township kept spending close to budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt

As of December 31, 2008, the Township had debt outstanding in the amount of \$13,000, with the entire amount due within one year.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township'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 Billie Dearlove, Fiscal Officer, P.O. Box 419, Thornville, Ohio 43076.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
December 31, 2008**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 866,319</u>
Total Assets	<u>\$ 866,319</u>
NET ASSETS:	
Restricted for:	
Permanent Fund:	
Expendable	\$ 593
Nonexpendable	1,000
Other Purposes	558,098
Unrestricted	<u>306,628</u>
Total Net Assets	<u><u>\$ 866,319</u></u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities:					
General Government	\$ 140,175	\$ 40,798	\$ -	\$ -	\$ (99,377)
Public Safety	96,305	60,688	-	-	(35,617)
Public Works	395,734	-	105,754	-	(289,980)
Capital Outlay	160,343	-	-	-	(160,343)
Debt Service:					
Principal	37,796	-	-	-	(37,796)
Interest and Fiscal Charges	1,948	-	-	-	(1,948)
Total Governmental Activities	\$ 832,301	\$ 101,486	\$ 105,754	\$ -	\$ (625,061)

General Receipts:

Property Taxes Levied for:	
General Purposes	\$ 349,771
Grants and Entitlements not	
Restricted to Specific Programs	149,919
Fines and Forfeitures	79,300
Cable Franchise Fees	11,423
Interest	18,486
Miscellaneous	88,223
Total General Receipts	697,122
Change in Net Assets	72,061
Net Assets Beginning of Year	794,258
Net Assets End of Year	\$ 866,319

See notes to the basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2008**

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road and Bridge Fund</u>	<u>Fire District Fund</u>	<u>Thorn Township EMS Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:							
Equity in Pooled Cash and cash Equivalents	\$ 306,628	\$ 17,209	\$ 27,089	\$ 274,540	\$ 216,463	\$ 24,390	\$ 866,319
Total Assets	<u>\$ 306,628</u>	<u>\$ 17,209</u>	<u>\$ 27,089</u>	<u>\$ 274,540</u>	<u>\$ 216,463</u>	<u>\$ 24,390</u>	<u>\$ 866,319</u>
Fund Balances:							
Unreserved:							
General Fund	\$ 306,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,628
Special Revenue Fund	-	17,209	27,089	274,540	216,463	22,797	558,098
Permanent Fund	-	-	-	-	-	1,593	1,593
Total Fund Balances	<u>\$ 306,628</u>	<u>\$ 17,209</u>	<u>\$ 27,089</u>	<u>\$ 274,540</u>	<u>\$ 216,463</u>	<u>\$ 24,390</u>	<u>\$ 866,319</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2008**

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road and Bridge Fund</u>	<u>Fire District Fund</u>	<u>Thorn Township EMS Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS							
Property and Other Local Taxes	\$ 66,889	\$ -	\$ 102,971	\$ 113,893	\$ 66,018	\$ -	\$ 349,771
Charges for Services	-	-	-	-	60,688	-	60,688
Licenses, Permits, and Fees	40,798	-	-	-	-	-	40,798
Fines and Forfeitures	79,300	-	-	-	-	-	79,300
Intergovernmental	108,342	87,468	15,131	16,675	9,770	16,689	254,075
Interest	18,214	1,263	-	-	-	607	20,084
Other	76,066	-	2,824	10,343	10,413	-	99,646
Total Receipts	<u>389,609</u>	<u>88,731</u>	<u>120,926</u>	<u>140,911</u>	<u>146,889</u>	<u>17,296</u>	<u>904,362</u>
CASH DISBURSEMENTS:							
Current:							
General Government	140,175	-	-	-	-	-	140,175
Public Safety	1,000	-	-	59,028	36,277	-	96,305
Public Works	109,000	131,246	139,301	-	-	16,187	395,734
Capital Outlay	147,954	-	-	10,722	1,667	-	160,343
Debt Service:							
Principal	-	4,000	9,000	-	24,796	-	37,796
Interest and Fiscal Charges	-	-	1,121	-	827	-	1,948
Total Disbursements	<u>398,129</u>	<u>135,246</u>	<u>149,422</u>	<u>69,750</u>	<u>63,567</u>	<u>16,187</u>	<u>832,301</u>
Excess of Receipts Over/(Under) Disbursements	(8,520)	(46,515)	(28,496)	71,161	83,322	1,109	72,061
Cash Fund Balances Beginning of Year	<u>315,148</u>	<u>63,724</u>	<u>55,585</u>	<u>203,379</u>	<u>133,141</u>	<u>23,281</u>	<u>794,258</u>
Cash Fund Balances End of Year	<u>\$ 306,628</u>	<u>\$ 17,209</u>	<u>\$ 27,089</u>	<u>\$ 274,540</u>	<u>\$ 216,463</u>	<u>\$ 24,390</u>	<u>\$ 866,319</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 65,988	\$ 65,989	\$ 66,889	\$ 900
Licenses, Permits and Fees	50,000	58,528	40,798	(17,730)
Fines and Forfeitures	-	79,300	79,300	-
Intergovernmental	54,290	77,006	108,342	31,336
Interest	26,000	26,000	18,214	(7,786)
Other	-	54,567	76,066	21,499
Total Receipts	<u>196,278</u>	<u>361,390</u>	<u>389,609</u>	<u>28,219</u>
CASH DISBURSEMENTS:				
Current:				
General Government	215,345	251,145	140,175	110,970
Public Safety	1,000	1,000	1,000	-
Public Works	-	109,000	109,000	-
Health	50	50	-	50
Capital Outlay	91,529	150,529	147,954	2,575
Total Disbursements	<u>307,924</u>	<u>511,724</u>	<u>398,129</u>	<u>113,595</u>
Excess of Receipts Over (Under) Disbursements	(111,646)	(150,334)	(8,520)	141,814
Cash Fund Balances Beginning of Year	229,205	229,205	229,205	-
Prior Year Encumbrances Appropriated	<u>85,943</u>	<u>85,943</u>	<u>85,943</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 203,502</u>	<u>\$ 164,814</u>	<u>\$ 306,628</u>	<u>\$ 141,814</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 91,500	\$ 91,500	\$ 87,468	\$ (4,032)
Interest	<u>7,000</u>	<u>7,000</u>	<u>1,263</u>	<u>(5,737)</u>
Total Receipts	98,500	98,500	88,731	(9,769)
CASH DISBURSEMENTS:				
Current:				
Public Works	86,914	153,914	131,246	22,668
Debt Service:				
Principal	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total Disbursements	<u>90,914</u>	<u>157,914</u>	<u>135,246</u>	<u>22,668</u>
Net Change in Cash Fund Balance	7,586	(59,414)	(46,515)	12,899
Cash Fund Balances Beginning of Year	62,810	62,810	62,810	-
Prior Year Encumbrances Appropriated	<u>914</u>	<u>914</u>	<u>914</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 71,310</u>	<u>\$ 4,310</u>	<u>\$ 17,209</u>	<u>\$ 12,899</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 101,325	\$ 101,325	\$ 102,971	\$ 1,646
Intergovernmental	12,000	12,000	15,131	3,131
Miscellaneous	-	-	2,824	2,824
Total Receipts	<u>113,325</u>	<u>113,325</u>	<u>120,926</u>	<u>7,601</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	68,362	152,362	139,301	13,061
Capital Outlay	3,000	3,000	-	3,000
Debt Service:				
Principal	9,000	9,000	9,000	-
Interest	1,121	1,121	1,121	-
Total Disbursements	<u>81,483</u>	<u>165,483</u>	<u>149,422</u>	<u>16,061</u>
Net Change in Cash Fund Balance	31,842	(52,158)	(28,496)	23,662
Cash Fund Balances Beginning of Year	51,003	51,003	51,003	-
Prior Year Encumbrances Appropriated	<u>4,582</u>	<u>4,582</u>	<u>4,582</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 87,427</u>	<u>\$ 3,427</u>	<u>\$ 27,089</u>	<u>\$ 23,662</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 111,660	\$ 111,660	\$ 113,893	\$ 2,233
Intergovernmental	15,500	15,500	16,675	1,175
Miscellaneous	-	6,850	10,343	3,493
Total Receipts	<u>127,160</u>	<u>134,010</u>	<u>140,911</u>	<u>6,901</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	159,660	159,660	59,028	100,632
Capital Outlay	41,290	41,290	10,722	30,568
Total Disbursements	<u>200,950</u>	<u>200,950</u>	<u>69,750</u>	<u>131,200</u>
Net Change in Cash Fund Balance	(73,790)	(66,940)	71,161	138,101
Cash Fund Balances Beginning of Year	195,929	195,929	195,929	-
Prior Year Encumbrances Appropriated	<u>7,450</u>	<u>7,450</u>	<u>7,450</u>	<u>-</u>
Cash Fund Balances End of Year	<u><u>\$ 129,589</u></u>	<u><u>\$ 136,439</u></u>	<u><u>\$ 274,540</u></u>	<u><u>\$ 138,101</u></u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
THORN TOWNSHIP EMS FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
CASH RECEIPTS				
Property and Other Local Taxes	\$ 64,450	\$ 64,450	\$ 66,018	\$ 1,568
Charges for Services	30,000	30,000	60,688	30,688
Intergovernmental	9,000	9,000	9,770	770
Miscellaneous	-	-	10,413	10,413
Total Receipts	<u>103,450</u>	<u>103,450</u>	<u>146,889</u>	<u>43,439</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	96,897	96,897	36,277	60,620
Capital Outlay	34,377	34,377	1,667	32,710
Debt Service:				
Principal	24,796	24,796	24,796	-
Interest	827	827	827	-
Total Disbursements	<u>156,897</u>	<u>156,897</u>	<u>63,567</u>	<u>93,330</u>
Net Change in Cash Fund Balance	(53,447)	(53,447)	83,322	136,769
Cash Fund Balances Beginning of Year	130,544	130,544	130,544	-
Prior Year Encumbrances Appropriated	<u>2,597</u>	<u>2,597</u>	<u>2,597</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 79,694</u>	<u>\$ 79,694</u>	<u>\$ 216,463</u>	<u>\$ 136,769</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
December 31, 2007**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 794,258</u>
Total Assets	<u>\$ 794,258</u>
NET ASSETS:	
Restricted for:	
Permanent Fund:	
Expendable	\$ 517
Nonexpendable	1,000
Other Purposes	477,593
Unrestricted	<u>315,148</u>
Total Net Assets	<u><u>\$ 794,258</u></u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities:					
General Government	\$ 155,147	\$ 54,196	\$ -	\$ -	\$ (100,951)
Public Safety	121,258	32,248	-	-	(89,010)
Public Works	207,756	-	115,057	-	(92,699)
Capital Outlay	30,398	-	-	-	(30,398)
Debt Service:					
Principal	37,796	-	-	-	(37,796)
Interest and Fiscal Charges	3,437	-	-	-	(3,437)
Total Governmental Activities	\$ 555,792	\$ 86,444	\$ 115,057	\$ -	\$ (354,291)

General Receipts:

Property Taxes Levied for:	
General Purposes	\$ 319,903
Grants and Entitlements not	
Restricted to Specific Programs	133,459
Fines and Forfeitures	32,610
Interest	26,615
Miscellaneous	35,942
	548,529
Total General Receipts	548,529
Change in Net Assets	194,238
Net Assets Beginning of Year	600,020
Net Assets End of Year	\$ 794,258

See notes to the basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2007**

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road and Bridge Fund</u>	<u>Fire District Fund</u>	<u>Thorn Township EMS Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:							
Equity in Pooled Cash and cash Equivalents	\$ 315,148	\$ 63,724	\$ 55,585	\$ 203,379	\$ 133,141	\$ 23,281	\$ 794,258
Total Assets	<u>\$ 315,148</u>	<u>\$ 63,724</u>	<u>\$ 55,585</u>	<u>\$ 203,379</u>	<u>\$ 133,141</u>	<u>\$ 23,281</u>	<u>\$ 794,258</u>
Fund Balances:							
Reserved:							
Reserved for Encumbrances	\$ 85,943	\$ 914	\$ 4,582	\$ 7,450	\$ 2,597	\$ -	\$ 101,486
Unreserved:							
General Fund	229,205	-	-	-	-	-	229,205
Special Revenue Fund	-	62,810	51,003	195,929	130,544	21,764	462,050
Permanent Fund	-	-	-	-	-	1,517	1,517
Total Fund Balances	<u>\$ 315,148</u>	<u>\$ 63,724</u>	<u>\$ 55,585</u>	<u>\$ 203,379</u>	<u>\$ 133,141</u>	<u>\$ 23,281</u>	<u>\$ 794,258</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2007**

	General	Gasoline Tax Fund	Road and Bridge Fund	Fire District Fund	Thorn Township EMS Fund	Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS							
Property and Other Local Taxes	\$ 61,108	\$ -	\$ 93,856	\$ 104,428	\$ 60,511	\$ -	\$ 319,903
Charges for Services	-	-	-	-	32,248	-	32,248
Licenses, Permits, and Fees	54,196	-	-	-	-	-	54,196
Fines and Forfeitures	32,610	-	-	-	-	-	32,610
Intergovernmental	95,701	91,904	12,208	16,525	9,025	14,510	239,873
Interest	26,340	7,325	-	-	-	1,593	35,258
Other	17,351	53	2,323	11,496	4,692	27	35,942
Total Receipts	<u>287,306</u>	<u>99,282</u>	<u>108,387</u>	<u>132,449</u>	<u>106,476</u>	<u>16,130</u>	<u>750,030</u>
CASH DISBURSEMENTS:							
Current:							
General Government	155,147	-	-	-	-	-	155,147
Public Safety	9,228	-	-	61,379	50,651	-	121,258
Public Works	-	97,466	90,009	-	-	20,281	207,756
Capital Outlay	3,531	7,790	-	8,661	10,416	-	30,398
Debt Service:							
Principal	-	-	13,000	-	24,796	-	37,796
Interest and Fiscal Charges	-	-	1,696	-	1,741	-	3,437
Total Disbursements	<u>167,906</u>	<u>105,256</u>	<u>104,705</u>	<u>70,040</u>	<u>87,604</u>	<u>20,281</u>	<u>555,792</u>
Excess of Receipts Over/(Under) Disbursements	119,400	(5,974)	3,682	62,409	18,872	(4,151)	194,238
Other Financing Sources:							
Transfers In	-	-	-	8,336	8,336	-	16,672
Transfers Out	(16,672)	-	-	-	-	-	(16,672)
Total Other Financing Sources	<u>(16,672)</u>	<u>-</u>	<u>-</u>	<u>8,336</u>	<u>8,336</u>	<u>-</u>	<u>-</u>
Net Change in Cash Fund Balance	102,728	(5,974)	3,682	70,745	27,208	(4,151)	194,238
Cash Fund Balances Beginning of Year, Restated	<u>212,420</u>	<u>69,698</u>	<u>51,903</u>	<u>132,634</u>	<u>105,933</u>	<u>27,432</u>	<u>600,020</u>
Cash Fund Balances End of Year	<u>\$ 315,148</u>	<u>\$ 63,724</u>	<u>\$ 55,585</u>	<u>\$ 203,379</u>	<u>\$ 133,141</u>	<u>\$ 23,281</u>	<u>\$ 794,258</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 47,978	\$ 47,978	\$ 61,108	\$ 13,130
Licenses, Permits and Fees	36,323	36,323	54,196	17,873
Fines and Forfeitures	1,000	11,000	32,610	21,610
Intergovernmental	24,350	67,678	95,701	28,023
Interest	11,000	11,000	26,340	15,340
Other	6,175	6,175	17,351	11,176
Total Receipts	<u>126,826</u>	<u>180,154</u>	<u>287,306</u>	<u>107,152</u>
CASH DISBURSEMENTS:				
Current:				
General Government	185,414	223,093	162,561	60,532
Public Safety	2,228	9,228	9,228	-
Health	50	50	-	50
Capital Outlay	2,822	105,828	82,060	23,768
Total Disbursements	<u>190,514</u>	<u>338,199</u>	<u>253,849</u>	<u>84,350</u>
Excess of Receipts Over (Under) Disbursements	(63,688)	(158,045)	33,457	191,502
Other Financing Sources (Uses)				
Transfers Out	-	(16,672)	(16,672)	-
Other Financing Sources	2,600	2,600	-	(2,600)
Other Financing Uses	(50)	(53,055)	-	53,055
Total ther Financing Sources (Uses)	<u>2,550</u>	<u>(67,127)</u>	<u>(16,672)</u>	<u>50,455</u>
Net Change in Cash Fund Balance	(61,138)	(225,172)	16,785	241,957
Cash Fund Balances Beginning of Year	210,648	210,648	210,648	-
Prior Year Encumbrances Appropriated	<u>1,772</u>	<u>1,772</u>	<u>1,772</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 151,282</u>	<u>\$ (12,752)</u>	<u>\$ 229,205</u>	<u>\$ 241,957</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Intergovernmental	\$ 61,309	\$ 61,309	\$ 91,904	\$ 30,595
Interest	2,000	2,000	7,325	5,325
Miscellaneous	500	500	53	(447)
Total Receipts	<u>63,809</u>	<u>63,809</u>	<u>99,282</u>	<u>35,473</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	89,212	124,507	98,380	26,127
Capital Outlay	5,000	9,000	7,790	1,210
Total Disbursements	<u>94,212</u>	<u>133,507</u>	<u>106,170</u>	<u>27,337</u>
Net Change in Cash Fund Balance	(30,403)	(69,698)	(6,888)	62,810
Cash Fund Balances Beginning of Year	<u>69,698</u>	<u>69,698</u>	<u>69,698</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 39,295</u>	<u>\$ -</u>	<u>\$ 62,810</u>	<u>\$ 62,810</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 74,114	\$ 74,114	\$ 93,856	\$ 19,742
Intergovernmental	5,050	5,050	12,208	7,158
Miscellaneous	500	500	2,323	1,823
Total Receipts	<u>79,664</u>	<u>79,664</u>	<u>108,387</u>	<u>28,723</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	70,825	105,267	94,591	10,676
Capital Outlay	1,304	11,604	-	11,604
Debt Service:				
Principal	13,000	13,000	13,000	-
Interest	1,696	1,696	1,696	-
Total Disbursements	<u>86,825</u>	<u>131,567</u>	<u>109,287</u>	<u>22,280</u>
Net Change in Cash Fund Balance	(7,161)	(51,903)	(900)	51,003
Cash Fund Balances Beginning of Year	<u>51,903</u>	<u>51,903</u>	<u>51,903</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 44,742</u>	<u>\$ -</u>	<u>\$ 51,003</u>	<u>\$ 51,003</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 108,290	\$ 108,290	\$ 104,428	\$ (3,862)
Charges for Services	200	200	-	(200)
Intergovernmental	12,800	12,800	16,525	3,725
Miscellaneous	4,000	4,000	11,496	7,496
Total Receipts	<u>125,290</u>	<u>125,290</u>	<u>132,449</u>	<u>7,159</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	102,821	159,005	67,539	91,466
Capital Outlay	100,000	96,790	9,951	86,839
Total Disbursements	<u>202,821</u>	<u>255,795</u>	<u>77,490</u>	<u>178,305</u>
Excess of Receipts Over (Under) Disbursements	(77,531)	(130,505)	54,959	185,464
Other Financing Sources (Uses)				
Transfers In	-	8,336	8,336	-
Other Financing Uses	(3,200)	(3,200)	-	3,200
Total ther Financing Sources (Uses)	<u>(3,200)</u>	<u>5,136</u>	<u>8,336</u>	<u>3,200</u>
Net Change in Cash Fund Balance	(80,731)	(125,369)	63,295	188,664
Cash Fund Balances Beginning of Year	131,563	131,563	131,563	-
Prior Year Encumbrances Appropriated	<u>1,071</u>	<u>1,071</u>	<u>1,071</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 51,903</u>	<u>\$ 7,265</u>	<u>\$ 195,929</u>	<u>\$ 188,664</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
THORN TOWNSHIP EMS FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 62,483	\$ 62,483	\$ 60,511	\$ (1,972)
Charges for Services	7,000	7,000	32,248	25,248
Intergovernmental	8,000	8,000	9,025	1,025
Miscellaneous	1,500	1,500	4,692	3,192
Total Receipts	<u>78,983</u>	<u>78,983</u>	<u>106,476</u>	<u>27,493</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	55,030	104,146	53,248	50,898
Capital Outlay	63,463	54,863	10,416	44,447
Debt Service:				
Principal	24,796	24,796	24,796	-
Interest	1,741	1,741	1,741	-
Total Disbursements	<u>145,030</u>	<u>185,546</u>	<u>90,201</u>	<u>95,345</u>
Excess of Receipts Over (Under) Disbursements	(66,047)	(106,563)	16,275	122,838
Other Financing Sources (Uses)				
Transfers In	-	8,336	8,336	-
Total ther Financing Sources (Uses)	<u>-</u>	<u>8,336</u>	<u>8,336</u>	<u>-</u>
Net Change in Cash Fund Balance	(66,047)	(98,227)	24,611	122,838
Cash Fund Balances Beginning of Year	105,303	105,303	105,303	-
Prior Year Encumbrances Appropriated	<u>630</u>	<u>630</u>	<u>630</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 39,886</u>	<u>\$ 7,706</u>	<u>\$ 130,544</u>	<u>\$ 122,838</u>

See notes to basic financial statements.

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Township of Thorn, Perry County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees and a publicly elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, road and bridge maintenance and cemetery maintenance. The Township has a volunteer Fire and EMS Department. Police protection is provided by the Perry County Sheriff's Department.

Component Units

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

Thorn Township has no component units.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

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 cash basis of accounting, the Township does not report assets for equity interest in joint ventures.

The Township participates in a public entity risk pool. Note 5 to the financial statements provide additional information for this entity. This organization is: Public Entity Risk Pool: Ohio Government Risk Management Plan, which provides property, casualty and liability coverage.

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

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a cash basis of accounting. This 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 cash basis of accounting. In the government-wide financial statements, 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 cash basis of accounting, unless those pronouncements, in which case GASB prevails. Following are more of the Township's accounting policies.

Basis of Presentation

The Township'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 Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities or the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

The statement of net assets present the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental 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 Township is responsible. Program receipts include charges paid by the recipient of the programs goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The Township 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. The funds of the Township are divided into one category: governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds for 2008 and 2007 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and Thorn Township EMS Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund is used for the maintenance and upkeep of roads. The Road and Bridge Fund is used for the maintenance and upkeep of roads. The Fire District Fund receives property tax monies to be used to provide fire protection services. The Thorn Township EMS Fund receives property tax monies to be used to provide emergency medical services. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township'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. Any such modifications made by the Township are described in the appropriate section in this note. There were no modifications having substantial support.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities (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.

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

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

The appropriations ordinance is the Township's authorization to spend resources and set limits on disbursements plus encumbrances at the level of control selected by the Township. 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 Township Fiscal Officer. The amounts reported in the original budget 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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 Township during the year.

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Each fund's 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.

During 2008 and 2007, the Township invested in certificates of deposits. The certificates of deposits are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. In 2008 and 2007, interest credited to the General Fund was \$18,214 and \$26,340, respectively.

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Cash and cash equivalents 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. Amounts restricted for other purposes represents special revenue funds restricted to a specific use.

Inventory and Prepaid Items

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Note 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Township's 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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

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 gasoline tax receipts used for the upkeep of Township roads and bridges, real estate tax used for fire protection and cemetery operations, permissive tax used for upkeep of roads.

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.

Fund Balance Reserve

The Township may reserve any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Township has no reserves as of December 31, 2008 and 2007. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Township's cash basis of accounting.

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods 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. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide statements, transfers within governmental activities are eliminated.

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 is prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no outstanding encumbrances at year-end for 2008. There were outstanding encumbrances at year-end for 2007 in the amount of \$101,486.

4. DEPOSITS

Monies held by the Township are classified by State into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, including negotiable order of withdrawal (NOW) accounts.

Inactive deposits are public deposits that the Township 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 not 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.

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

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 Township 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 issuance 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 obligation 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 obligation 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 Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution, to secure the repayment of all public monies deposited with the institution. National City Bank is the financial institution for Thorn Township.

The Township did not have any undeposited cash on hand for 2008 and 2007.

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

Deposits:

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are the possession of an outside party. At year ended December 31, 2008, \$621,570 of the Township's bank balance of \$871,570 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. At year ended December 31, 2007, \$711,447 of the Township's bank balance of \$811,447 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

5. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio Governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. RISK MANAGEMENT (CONTINUED)

Settlement amounts did not exceed insurance coverage for the past three years.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, the latest information available.

	<u>2007</u>	<u>2006</u>
Assets	\$ 11,136,455	\$ 9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Retained Earnings	<u>\$ 6,862,902</u>	<u>\$ 6,290,528</u>

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

6. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a 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 years ended December 31, 2008 and 2007, the members in the traditional plan, were required to contribute 10.0 and 9.5, percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2008 and 2007 was 14.00 percent and 13.85 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$12,639, \$12,928, and \$6,697, respectively. The full amount has been contributed for 2008, 2007 and 2006. Contributions to the member-directed plan for 2008 were \$12,639 made by the Township and \$9,028 made by the plan members.

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (Continued)

Post Employment Benefits

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. 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 portion of employer contributions in 2008, for all employees, allocated to health care was 7.0%.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as 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 .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 percent and 4 percent annually for the next seven years and 4 percent annually after eight years.

All investments are carried at market value. 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 363,503. Actual employer contributions for 2008 and 2007 which were used to fund postemployment benefits were \$6,320 and \$5,134, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 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. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, 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 circumstance, State statute permits alternate payment dates to be established.

Public utilities are also taxed on personal and real property located in the Township.

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

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

The full tax rate for all Township operations for the year ended December 31, 2008, was \$5.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential	\$ 7,985,890
Agriculture	89,541,850
Commercial/Industrial/Mineral	5,068,860
Public Utility Property	
Real	-
Personal	-
Tangible Personal Property	<u>4,771,480</u>
Total Assessed Value	<u><u>\$ 107,368,080</u></u>

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

8. DEBT

Long term debt of the Township, as of December 31, 2008 is as follows:

	Balance January 1 2007	Additions	Deductions	Balance December 31 2008	Amount Due Within One Year
Squad	\$ 49,592	\$ -	\$ 49,592	\$ -	\$ -
Dump Truck	39,000	-	26,000	13,000	\$ 13,000
Total	\$ 88,592	\$ -	\$ 75,592	\$ 13,000	\$ 13,000

In 2005, the Township purchased a dump truck for a total of \$88,950. The Township paid \$23,950 down and issued tax anticipation notes of \$65,000. The notes are with National City Bank. The balance is to be repaid in principal payments of \$13,000 per year ending in 2009.

Amortization of the above debt is as follows:

	Dump Truck	
	Principal	Interest
2009	\$ 13,000	\$ 638

9. RESTATEMENT OF FUND BALANCES

For the year ended December 31, 2006, adjustments resulted in fund balance restatements.

	Fund Balances at December 31, 2006	Restatement Amount	Fund Balances at January 1, 2007
Governmental Funds:			
Other Governmental Funds	\$ 19,641	\$ 7,791	\$ 27,432
Fiduciary Funds:			
Permanent Fund	1,474	(1,474)	-
Unrestricted	6,317	(6,317)	-
Total	\$ 27,432	\$ -	\$ 27,432

As of January 1, 2007, per Auditor of State Bulletin 2005-005, the Township reclassified the Hanby Trust Fund from an Expendable Trust Fund to a Special Revenue Fund. The Township also reclassified the U.B. Trust Fund from a Nonexpendable Trust Fund to a Permanent Fund. Balances as of December 31, 2006 have been included with the Other Governmental Funds.

**THORN TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

10. COMPLIANCE AND ACCOUNTABILITY

Contrary to ORC Section 5705.36, the Township had one fund in which appropriations were greater than unencumbered balance plus actual receipts which should have resulted in getting a new certificate of estimated resources.

Contrary to ORC Section 5705.39, in 2007 the Township had appropriations that exceeded estimated resources in two funds.

Contrary to ORC Section 5705.41(D), the Township had expenditures where the invoice was dated prior to the fiscal certificate.

11. TRANSFERS

Following is a summary of transfers in and out for all funds for 2007:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 16,672
Fire District Fund	8,336	-
Thorn Township EMS Fund	8,336	-
Totals	<u>\$ 16,672</u>	<u>\$ 16,672</u>

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Thorn Township
Perry County
P.O. Box 419
Thornville, Ohio 43076

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thorn Township, Perry County as of and for the years ended December 31, 2008 and 2007 and have issued our report thereon dated June 5, 2009, wherein we noted the Township followed the cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Thorn Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Township'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 Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement. We consider the following deficiency to be a significant deficiency in internal control.

Finding number 2008-001 in the Schedule of Findings is considered to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that a material misstatement of the financial statements will not be prevented by the Township's internal control. We believe that Finding 2008-001 is a material weakness.

We also noted other matters involving internal control over financial reporting, which we have reported to management of Thorn Township in a separate letter dated June 5, 2009

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Thorn Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and responses as item 2008-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of Thorn Township in a separate letter dated June 5, 2009.

Thorn Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Thorn Township's response and, accordingly, we express no opinion on it.

This report is intended for the information of the Township's management, fiscal officer, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 5, 2009

**THORN TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

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

FINDING NUMBER 2008-001

Noncompliance Citation / Significant Deficiency / Material Weakness

Proper Classification of Receipts and Expenditures

Ohio Admin. Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance and finance-related legal and contractual requirements and prepare financial statements.

The testing of expenditures revealed that all debt payments were not properly classified by the Township Fiscal Officer. All of these items required reclassification. Items requiring reclassification included Redemption of Principal, Interest Expense and Capital Outlay.

The Township Fiscal Officer should review the account code classifications in the UAN system and the "Ohio Township Handbook" chart of accounts and post receipts and expenditures to the proper line item account codes and fund. This will help ensure receipts and expenditures are properly reflected in the financial statements. In addition, fairly presented financial statements provide the Township Trustees with the ability to analyze information in a consistent manner which aids in making informed financial decisions regarding Township operations.

The Fiscal Officer should input the correct estimated receipts into the proper line item accounts on the budgetary system once they have been certified by the Budget Commission and the correct appropriation amounts into the proper line item accounts on the budgetary system once they have been approved by the Board. Monthly comparisons of budgeted and actual revenue and expenditures for all funds should be presented to the Board to allow for monitoring of fiscal operations of the Township. The Board of Trustees should review these reports for significant variances from expectations.

Client Response: The Fiscal Officer will review the account code classification in the UAN system.

**THORN TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2008**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-3753-001	ORC 5705.41 (D) Fiscal Certificates Dated Prior to Invoices	No	Partially Corrected - Refer to Management Letter
2006-3753-002	ORC 5705.36 (A)(2)/ ORC 5705.36 (A)(4) Requesting Amended Certificates	No	Partially Corrected - Refer to Management Letter
2006-3753-003	Accurate Financial Reporting	No	Not Corrected; Included in the report as Finding 2008-001.



Mary Taylor, CPA
Auditor of State

THORN TOWNSHIP

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 30, 2009**