

VILLAGE OF SOUTH VIENNA

DAYTON REGION, CLARK COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009 – 2008



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of South Vienna, Clark County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2008 through December 31, 2009. 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

June 16, 2010

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**VILLAGE OF SOUTH VIENNA
CLARK COUNTY**

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CLARK COUNTY**

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MANNING & ASSOCIATES CPAS, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

INDEPENDENT AUDITORS' REPORT

Mayor and Members of 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Vienna, Clark County, Ohio, (the Village), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. 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 audits.

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 the 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 accompanying financial statements and notes follow the cash accounting basis. 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 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, 2009 and 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General fund, thereof and 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 April 9, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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.

Management's discussion and analysis is not a required part of the basis financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Manning & Associates CPAs, LLC
Dayton, Ohio

April 9, 2010

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Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
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, 2009 and 2008, 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 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 2009 are as follows:

The total net cash assets of the Village increased \$97,688 in 2009 or 7.4 percent. Net cash assets of governmental activities decreased \$8,808, which represents a 2.7 percent decrease. Net cash assets of business-type activities increased \$106,496 or 10.6 percent.

General receipts accounted for \$82,300 or 64.8 percent of total governmental activities cash receipts in 2009 an increase of \$2,930 from 2008 general cash receipts. Program specific cash receipts accounted for \$44,794 or 35.2 percent of total governmental activities cash receipts in 2009 a decrease of \$5,551 from 2008.

The Village had \$135,902 in cash disbursements related to governmental activities in 2009; of which \$44,794 of these cash disbursement were offset by program specific charges for services, grants or contributions. In 2009 general cash receipts (primarily taxes and interest earnings) of \$82,300 were not adequate to provide for these programs creating a deficit spending situation in 2009.

For 2009 the Village's major governmental fund is the general fund. The general fund, the Village's largest major fund, had cash receipts of \$94,514 in 2009. The cash disbursements of the general fund, totaled \$118,473 in 2009. The General Fund's cash balance decreased \$23,959 from 2008 to 2009.

Business-type activities, net cash assets for the water enterprise fund increased in 2009 by \$19,286 or 81.9 percent; net cash assets for the sewer enterprise fund increased in 2009 by \$8,480 or 7.0 percent; net cash assets for the electric enterprise fund increase in 2009 by \$58,494 or 8.3 percent.

Key financial highlights for 2008 are as follows:

The total net cash assets of the Village increased \$92,826 increase or 7.5 percent. Net cash assets of governmental activities increased \$1,802, which represents a .5 percent increase. Net cash assets of business-type activities increased \$91,024 or 10 percent.

General receipts accounted for \$79,370 or 61.2 percent of total governmental activities cash receipts in 2008 a decrease of \$45,158 from 2007 general cash receipts. Program specific cash receipts accounted for \$50,345 or 38.8 percent of total governmental activities cash receipts in 2008 a decrease of \$57,945 from 2007.

The Village had \$127,913 in cash disbursements related to governmental activities in 2008; of which \$50,345 of these cash disbursement were offset by program specific charges for services, grants or contributions. General cash receipts of \$79,370 were adequate to provide for the remainder of these programs.

Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Financial Highlights, continued

Key financial highlights for 2008 are as follows: (continued)

For 2008, the Village's major governmental fund is the general fund. The general fund, the Village's largest major fund, had cash receipts of \$93,328. The cash disbursements of the general fund, totaled \$117,519. The General Fund's cash balance decreased \$24,191 from 2008 to 2009.

Business-type activities, net cash assets for the water enterprise fund decreased in 2008 by \$4,252 or 15.3 percent; net cash assets for the sewer enterprise fund decreased in 2008 by \$2,115 or 1.7 percent; net cash assets for the electric enterprise fund increase in 2009 by \$79,824 or 12.8 percent.

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 cash basis of accounting. The statements are organized to understand the Village as a financial whole, or as an entire entity.

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. All other non-major funds are presented in total in a single column.

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 cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village'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 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 cash basis of accounting.

Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Reporting the Village as a Whole

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government.

The statement of net assets and the statement of activities reflect how the Village did financially during 2009 and 2008, within the limitations of 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.

These statements report the Village'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 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.

Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

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 fund for 2009 and 2008 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

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 2009 and 2008.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2009, 2008, and 2007 on a cash basis:

(Table 1)
Net Assets

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets						
Cash and Cash Equivalents	314,366	323,174	321,372	1,107,716	1,001,220	910,196
Total Assets	<u>314,366</u>	<u>323,174</u>	<u>321,372</u>	<u>1,107,716</u>	<u>1,001,220</u>	<u>910,196</u>
Net Assets						
Restricted for:						
Other Purposes	92,256	77,105	51,112	0	0	0
Unrestricted	222,110	246,069	270,260	1,107,716	1,001,220	910,196
Total Net Assets	<u>314,366</u>	<u>323,174</u>	<u>321,372</u>	<u>1,107,716</u>	<u>1,001,220</u>	<u>910,196</u>

Village of South Vienna, Clark County
Management's Discussion and Analysis
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The Village as a Whole, (continued)

Table 1 provides a summary of the Village's net assets for 2009, 2008, and 2007 on a cash basis:

(Table 1), (continued)

	Totals		
	2009	2008	2007
Assets			
Cash and Cash Equivalents	1,422,082	1,324,394	1,231,568
Total Assets	1,422,082	1,324,394	1,231,568
Net Assets			
Restricted for:			
Other Purposes	92,256	77,105	51,112
Unrestricted	1,329,826	1,247,289	1,180,456
Total Net Assets	1,422,082	1,324,394	1,231,568

As mentioned previously, net assets of governmental activities decreased \$8,808 during 2009 and increased \$1,802 during 2008.

2009

- The Village's major governmental fund is the general fund. The general fund, the Village's largest major fund, had cash receipts of \$94,514 in 2009. The cash disbursements of the general fund, totaled \$118,473 in 2009. The General Fund's cash balance decreased \$23,595 from 2008 to 2009
- The Village purchased a new police cruiser.

2008

- For 2008 the Village's major governmental fund is the general fund. The general fund, the Village's largest major fund, had cash receipts of \$93,328 in 2008. The cash disbursements of the general fund, totaled \$117,519 in 2008. The General Fund's cash balance decreased \$24,191 from 2007 to 2008.

Village of South Vienna, Clark County
Management's Discussion and Analysis
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Table 2 reflects the changes in net assets on a cash basis in 2009, 2008, and 2007 for governmental activities, business-type activities and total primary government.

(Table 2)
Changes in Net Assets

	Governmental Activities			Business Type Activities		
	2009	2008	2007	2009	2008	2007
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$20,433	\$22,346	\$19,975	\$669,763	\$620,825	\$593,293
Operating Grants and Contributions	24,361	27,999	25,411	0	0	0
Capital Grants and Contributions	0	0	62,904	0	0	0
Total Program Receipts	<u>44,794</u>	<u>50,345</u>	<u>108,290</u>	<u>669,763</u>	<u>620,825</u>	<u>593,293</u>
General Receipts:						
Property and Other Taxes	37,142	31,761	30,572	0	0	0
Grants and Entitlements Not Restricted to Specific Programs	5,246	6,067	29,520	0	0	0
Earnings on Investments	13,101	30,865	50,082	0	0	0
Miscellaneous	26,811	10,677	14,354	0	0	1,789
Total General Receipts	<u>82,300</u>	<u>79,370</u>	<u>124,528</u>	<u>0</u>	<u>0</u>	<u>1,789</u>
Special Items	0	0	72,600	0	0	0
Total Receipts	<u>127,094</u>	<u>129,715</u>	<u>305,418</u>	<u>669,763</u>	<u>620,825</u>	<u>595,082</u>
Disbursements:						
General Government	53,905	44,963	47,372	0	0	0
Security of Persons and Property:						
Leisure Time Activities	1,608	1,693	1,002	0	0	0
Basic Utilities	2,079	2,644	2,124	0	0	0
Capital Outlay	0	0	62,904	0	0	0
Transportation	17,033	9,568	13,337	0	0	0
Water Operating	0	0	0	50,409	53,159	64,875
Sewer Operating	0	0	0	45,781	54,285	60,272
Electric Operating	0	0	0	451,126	406,732	384,184
Other Enterprise	0	0	0	15,951	15,625	16,711
Total Disbursements	<u>135,902</u>	<u>127,913</u>	<u>168,546</u>	<u>563,267</u>	<u>529,801</u>	<u>526,042</u>
Increase (Decrease) in Net Assets	(8,808)	1,802	136,872	106,496	91,024	69,040
Net Assets, January 1	323,174	321,372	184,500	1,001,220	910,196	841,156
Net Assets, December 31	<u>\$314,366</u>	<u>\$323,174</u>	<u>\$321,372</u>	<u>\$1,107,716</u>	<u>\$1,001,220</u>	<u>\$910,196</u>

Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

(Table 2)
Changes in Net Assets

	2009	Total 2008	2007
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$690,196	\$643,171	\$613,268
Operating Grants and Contributions	24,361	27,999	25,411
Capital Grants and Contributions	0	0	62,904
Total Program Receipts	<u>714,557</u>	<u>671,170</u>	<u>701,583</u>
General Receipts:			
Property and Other Taxes	37,142	31,761	30,572
Grants and Entitlements Not Restricted to Specific Programs	5,246	6,067	29,520
Earnings on Investments	13,101	30,865	50,082
Miscellaneous	26,811	10,677	16,143
Total General Receipts	<u>82,300</u>	<u>79,370</u>	<u>126,317</u>
Special Items	<u>0</u>	<u>0</u>	<u>72,600</u>
Total Receipts	<u>796,857</u>	<u>750,540</u>	<u>900,500</u>
Disbursements:			
General Government	53,905	44,963	47,372
Security of Persons and Property:	61,277	69,045	41,807
Leisure Time Activities	1,608	1,693	1,002
Basic Utilities	2,079	2,644	2,124
Capital Outlay	0	0	62,904
Transportation	17,033	9,568	13,337
Water Operating	50,409	53,159	64,875
Sewer Operating	45,781	54,285	60,272
Electric Operating	451,126	406,732	384,184
Other Enterprise	15,951	15,625	16,711
Total Disbursements	<u>699,169</u>	<u>657,714</u>	<u>694,588</u>
Increase (Decrease) in Net Assets	97,688	92,826	205,912
Net Assets, January 1	<u>1,324,394</u>	<u>1,231,568</u>	<u>1,025,656</u>
Net Assets, December 31	<u><u>\$1,422,082</u></u>	<u><u>\$1,324,394</u></u>	<u><u>\$1,231,568</u></u>

Village of South Vienna, Clark County
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Governmental Activities Receipts and Disbursements

For 2009, program receipts represent 35.2 percent of total receipts for governmental activities with the primary sources of revenue including grants and contributions and charges for services. For 2008, program receipts represent only 38.8 percent of total receipts for governmental activities with the primary sources of revenue including operating grants and contributions and charges for services.

For 2009, general receipts represent 64.8 percent of the Village's total receipts, and of this amount, over 45.1 percent of the general receipts are local taxes and 15.9 percent are earnings on the Village's investments. For 2008, general receipts represent 61.2 percent of the Village's total receipts, and of this amount, over 40.0 percent of the general receipts are local taxes and 38.8 percent are earnings on the Village's investments. State and federal grants and entitlements are 6 percent and 7.6 percent for 2009 and 2008, respectively. Other receipts are insignificant and somewhat unpredictable sources of revenue.

Business Type Receipts

In the business type activities, program receipts account for 100 percent of the total receipts for 2009 and 2008. These receipts are comprised of charges for services, i.e. electric and water and sewer charges.

Governmental Activities Disbursements

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 Disbursements

The disbursements of the water, sewer and electric funds are for the purpose of maintaining and improving water and sewer lines; payment of wages for the departments; and debt service.

Governmental Activities

If you look at the 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 are for General Government and for Security of Persons and Property, which account for 39.7 percent and 45.1 percent, in 2009 and 35.2 percent and 54.0 percent in 2008 of all governmental disbursements, respectively. .

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, 2009 and 2008
Unaudited

(Table 3)

	Governmental Activities					
	Total Cost Of Services 2009	Net Cost of Services 2009	Total Cost Of Services 2008	Net Cost of Services 2008	Total Cost Of Services 2007	Net Cost of Services 2007
	General Government	\$53,905	(\$39,935)	\$44,963	(\$28,953)	\$47,372
Security of Persons and Property	61,277	(61,117)	69,045	(66,925)	41,807	(41,807)
Leisure Time Activities	1,608	1,667	1,693	1,192	1,002	2,138
Basic Utilities	2,079	(2,079)	2,644	(2,644)	2,124	(2,124)
Transportation	17,033	10,356	9,568	19,762	13,337	15,709
Capital Outlay	0	0	0	0	62,904	0
Total Expenses	<u>\$135,902</u>	<u>(\$91,108)</u>	<u>\$127,913</u>	<u>(\$77,568)</u>	<u>\$168,546</u>	<u>(\$60,256)</u>

The dependence upon tax receipts is apparent as over 67 percent and 61 percent for 2009 and 2008, respectively of governmental activities are supported through these general receipts.

The Village's Funds

Total village funds had receipts of \$796,857 and disbursements of \$699,169 in 2009. General Fund receipts were less than disbursements by \$23,959 indicating that the General Fund was in a deficit spending situation; as a result, General Fund limitations were paramount during the 2010 budgetary process.

In 2008, total village funds had receipts of \$750,540 and disbursements of \$657,714. General Fund receipts were less than disbursements by \$24,191 indicating that the General Fund was in a deficit spending situation.

Business-type Activities

Businesses type activities of the Village saw an increase of 10.6 percent in net assets in 2009 due to an increase in collections by the Electric Fund and an increase in new businesses.

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 2009 and 2008, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were greater than original budgeted receipts in 2009 due to an increase in insurance payment due to property damage. Budgeted receipts were \$92,963 while actual receipts were \$94,514 for 2009. Final budgeted receipts in 2008 were less than original budgeted receipts due to a significant decrease in earnings on investments. Budgeted receipts were \$93,340 while actual receipts were \$93,328 for 2008.

Final disbursements were budgeted at \$305,123 while actual disbursements were \$118,473 in 2009. In 2008, final disbursements were budgeted at 363,600 while actual disbursements were \$117,519. The Village takes due diligence in keeping spending to a respectable level in order to assure funds for future projects.

Village of South Vienna, Clark County
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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, 2009, the Village's outstanding debt totaled \$287,546. Included in this debt are mortgage revenue bonds, \$126,933, OMEGA JV-2 financing, \$39,147, and OMEGA JV-5, \$121,466. For further information regarding the Village's debt refer to note 9 to the basic financial statements.

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 - Cash Basis
December 31, 2009

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	314,366	1,107,716	1,422,082
<i>Total Assets</i>	<u>314,366</u>	<u>1,107,716</u>	<u>1,422,082</u>
Net Assets			
Restricted for:			
Other Purposes	92,256	0	92,256
Unrestricted	222,110	1,107,716	1,329,826
<i>Total Net Assets</i>	<u>314,366</u>	<u>1,107,716</u>	<u>1,422,082</u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	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	53,905	13,970	0	(39,935)	0	(39,935)
Security of Persons and Property	61,277	0	160	(61,117)	0	(61,117)
Leisure Time Activities	1,608	3,275	0	1,667	0	1,667
Basic Utility Services	2,079	0	0	(2,079)	0	(2,079)
Transportation	17,033	3,188	24,201	10,356	0	10,356
<i>Total Governmental Activities</i>	135,902	20,433	24,361	(91,108)	0	(91,108)
Business Type Activity						
Water	50,409	69,695	0	0	19,286	19,286
Sewer	45,781	83,128	0	0	37,347	37,347
Electric	451,126	509,620	0	0	58,494	58,494
Other	15,951	7,320	0	0	(8,631)	(8,631)
<i>Total Business Type Activities</i>	563,267	669,763	0	0	106,496	106,496
Total	699,169	690,196	24,361	(91,108)	106,496	15,388
General Receipts						
Property and Other Taxes				37,142	0	37,142
Grants and Entitlements not Restricted to Specific Programs				5,246	0	5,246
Earnings on Investments				13,101	0	13,101
Miscellaneous				26,811	0	26,811
<i>Total General Receipts</i>				82,300	0	82,300
Change in Net Assets				(8,808)	106,496	97,688
<i>Net Assets Beginning of Year</i>				323,174	1,001,220	1,324,394
<i>Net Assets End of Year</i>				314,366	1,107,716	1,422,082

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	222,110	92,256	314,366
<i>Total Assets</i>	<u>222,110</u>	<u>92,256</u>	<u>314,366</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	448	0	448
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	221,662	0	221,662
Special Revenue Funds	0	92,256	92,256
<i>Total Fund Balances</i>	<u>222,110</u>	<u>92,256</u>	<u>314,366</u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	32,111	8,219	40,330
Charges for Services	3,275	0	3,275
Fines, Licenses and Permits	18,655	0	18,655
Intergovernmental	5,246	24,253	29,499
Earnings on Investments	13,101	108	13,209
Miscellaneous	22,126	0	22,126
<i>Total Receipts</i>	<u>94,514</u>	<u>32,580</u>	<u>127,094</u>
Disbursements			
Current:			
General Government	53,905	0	53,905
Security of Persons and Property	60,881	396	61,277
Leisure Time Activities	1,608	0	1,608
Basic Utility Services	2,079	0	2,079
Transportation	0	17,033	17,033
<i>Total Disbursements</i>	<u>118,473</u>	<u>17,429</u>	<u>135,902</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,959)</u>	<u>15,151</u>	<u>(8,808)</u>
<i>Net Change in Fund Balances</i>	(23,959)	15,151	(8,808)
<i>Fund Balances Beginning of Year</i>	<u>246,069</u>	<u>77,105</u>	<u>323,174</u>
<i>Fund Balances End of Year</i>	<u><u>222,110</u></u>	<u><u>92,256</u></u>	<u><u>314,366</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	34,590	32,111	32,111	0
Charges for Services	700	3,275	3,275	0
Fines, Licenses and Permits	12,209	18,655	18,655	0
Intergovernmental	5,666	5,246	5,246	0
Earnings on Investments	10,000	11,550	13,101	1,551
Miscellaneous	2,500	22,126	22,126	0
<i>Total receipts</i>	<u>65,665</u>	<u>92,963</u>	<u>94,514</u>	<u>1,551</u>
Disbursements				
Current:				
General Government	233,601	214,759	54,020	160,739
Security of Persons and Property	67,305	71,004	61,214	9,790
Public Health Services	1	1	0	1
Leisure Time Activities	796	1,796	1,608	188
Basic Utility Services	3,420	3,420	2,079	1,341
Capital Outlay	0	14,143	0	14,143
<i>Total Disbursements</i>	<u>305,123</u>	<u>305,123</u>	<u>118,921</u>	<u>186,202</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(239,458)</u>	<u>(212,160)</u>	<u>(24,407)</u>	<u>187,753</u>
<i>Net Change in Fund Balance</i>	(239,458)	(212,160)	(24,407)	187,753
<i>Fund Balance Beginning of Year</i>	<u>246,069</u>	<u>246,069</u>	<u>246,069</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>6,611</u></u>	<u><u>33,909</u></u>	<u><u>221,662</u></u>	<u><u>187,753</u></u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Net Assets - Cash Basis
Enterprise Funds
December 31, 2009

	Business-Type Activities				
	Water	Sewer	Electric	Other Enterprise	Total
Assets					
Equity in Pooled Cash and Cash Equivalents	42,806	130,279	761,319	173,312	1,107,716
<i>Total Assets</i>	42,806	130,279	761,319	173,312	1,107,716
Net Assets					
Unrestricted	42,806	130,279	761,319	173,312	1,107,716

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 - Cash Basis
Enterprise Funds
For the Year Ended December 31, 2009

	Business-Type Activities				Total
	Water	Sewer	Electric	Other Enterprise	
Operating Receipts					
Charges for Services	69,695	83,128	509,620	7,320	669,763
<i>Total Operating Receipts</i>	<u>69,695</u>	<u>83,128</u>	<u>509,620</u>	<u>7,320</u>	<u>669,763</u>
Operating Disbursements					
Personal Services	11,649	13,479	25,294	0	50,422
Fringe Benefits	3,169	2,274	4,411	0	9,854
Contractual Services	26,841	17,764	371,637	0	416,242
Materials and Supplies	8,750	4,439	5,356	0	18,545
Other	0	0	0	1,734	1,734
<i>Total Operating Disbursements</i>	<u>50,409</u>	<u>37,956</u>	<u>406,698</u>	<u>1,734</u>	<u>496,797</u>
<i>Operating Income (Loss)</i>	19,286	45,172	102,922	5,586	172,966
Non-Operating Receipts					
Capital Outlay	0	(7,825)	(28,651)	0	(36,476)
Reduction of Principal	0	0	(7,616)	(6,700)	(14,316)
Interest and Fiscal Charges	0	0	(8,161)	(7,517)	(15,678)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>(7,825)</u>	<u>(44,428)</u>	<u>(14,217)</u>	<u>(66,470)</u>
<i>Income (Loss) before Transfers and Advances</i>	19,286	37,347	58,494	(8,631)	106,496
Transfers In	0	0	0	28,867	28,867
Transfers Out	0	(28,867)	0	0	(28,867)
<i>Change in Net Assets</i>	19,286	8,480	58,494	20,236	106,496
<i>Net Assets Beginning of Year</i>	<u>23,520</u>	<u>121,799</u>	<u>702,825</u>	<u>153,076</u>	<u>1,001,220</u>
<i>Net Assets End of Year</i>	<u><u>42,806</u></u>	<u><u>130,279</u></u>	<u><u>761,319</u></u>	<u><u>173,312</u></u>	<u><u>1,107,716</u></u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Net Assets - Cash Basis
December 31, 2008

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	323,174	1,001,220	1,324,394
<i>Total Assets</i>	<u>323,174</u>	<u>1,001,220</u>	<u>1,324,394</u>
 Net Assets			
Restricted for:			
Other Purposes	77,105	0	77,105
Unrestricted	246,069	1,001,220	1,247,289
<i>Total Net Assets</i>	<u>323,174</u>	<u>1,001,220</u>	<u>1,324,394</u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	
Governmental Activities						
General Government	44,963	16,010	0	(28,953)	0	(28,953)
Security of Persons and Property	69,045	0	2,120	(66,925)	0	(66,925)
Leisure Time Activities	1,693	2,885	0	1,192	0	1,192
Basic Utility Services	2,644	0	0	(2,644)	0	(2,644)
Transportation	9,568	3,451	25,879	19,762	0	19,762
<i>Total Governmental Activities</i>	<u>127,913</u>	<u>22,346</u>	<u>27,999</u>	<u>(77,568)</u>	<u>0</u>	<u>(77,568)</u>
Business Type Activity						
Water	53,159	48,907	0	0	(4,252)	(4,252)
Sewer	54,285	81,037	0	0	26,752	26,752
Electric	406,732	486,556	0	0	79,824	79,824
Other	15,625	4,325	0	0	(11,300)	(11,300)
<i>Total Business Type Activities</i>	<u>529,801</u>	<u>620,825</u>	<u>0</u>	<u>0</u>	<u>91,024</u>	<u>91,024</u>
Total	<u><u>657,714</u></u>	<u><u>643,171</u></u>	<u><u>27,999</u></u>	<u><u>(77,568)</u></u>	<u><u>91,024</u></u>	<u><u>13,456</u></u>
General Receipts						
Property and Other Taxes				31,761	0	31,761
Grants and Entitlements not Restricted to Specific Programs				6,067	0	6,067
Earnings on Investments				30,865	0	30,865
Miscellaneous				10,677	0	10,677
<i>Total General Receipts</i>				<u>79,370</u>	<u>0</u>	<u>79,370</u>
Change in Net Assets				1,802	91,024	92,826
<i>Net Assets Beginning of Year</i>				<u>321,372</u>	<u>910,196</u>	<u>1,231,568</u>
<i>Net Assets End of Year</i>				<u><u>323,174</u></u>	<u><u>1,001,220</u></u>	<u><u>1,324,394</u></u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	246,069	77,105	323,174
<i>Total Assets</i>	<u>246,069</u>	<u>77,105</u>	<u>323,174</u>
Fund Balances			
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	246,069	0	246,069
Special Revenue Funds	0	77,105	77,105
<i>Total Fund Balances</i>	<u>246,069</u>	<u>77,105</u>	<u>323,174</u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	26,899	8,313	35,212
Charges for Services	2,885	0	2,885
Fines, Licenses and Permits	20,462	75	20,537
Intergovernmental	6,067	27,094	33,161
Earnings on Investments	30,865	905	31,770
Miscellaneous	6,150	0	6,150
<i>Total Receipts</i>	<u>93,328</u>	<u>36,387</u>	<u>129,715</u>
Disbursements			
Current:			
General Government	44,963	0	44,963
Security of Persons and Property	68,219	826	69,045
Leisure Time Activities	1,693	0	1,693
Basic Utility Services	2,644	0	2,644
Transportation	0	9,568	9,568
<i>Total Disbursements</i>	<u>117,519</u>	<u>10,394</u>	<u>127,913</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,191)</u>	<u>25,993</u>	<u>1,802</u>
<i>Net Change in Fund Balances</i>	(24,191)	25,993	1,802
<i>Fund Balances Beginning of Year</i>	<u>270,260</u>	<u>51,112</u>	<u>321,372</u>
<i>Fund Balances End of Year</i>	<u><u>246,069</u></u>	<u><u>77,105</u></u>	<u><u>323,174</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	27,438	26,899	26,899	0
Charges for Services	2,500	2,885	2,885	0
Fines, Licenses and Permits	17,588	20,462	20,462	0
Intergovernmental	6,246	6,067	6,067	0
Earnings on Investments	48,000	30,865	30,865	0
Miscellaneous	2,500	6,162	6,150	(12)
<i>Total receipts</i>	<u>104,272</u>	<u>93,340</u>	<u>93,328</u>	<u>(12)</u>
Disbursements				
Current:				
General Government	317,455	286,290	44,963	241,327
Security of Persons and Property	52,311	71,340	68,219	3,121
Public Health Services	50	50	0	50
Leisure Time Activities	1,700	2,500	1,693	807
Basic Utility Services	3,015	3,420	2,644	776
<i>Total Disbursements</i>	<u>374,531</u>	<u>363,600</u>	<u>117,519</u>	<u>246,081</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(270,259)</u>	<u>(270,260)</u>	<u>(24,191)</u>	<u>246,069</u>
<i>Net Change in Fund Balance</i>	<u>(270,259)</u>	<u>(270,260)</u>	<u>(24,191)</u>	<u>246,069</u>
<i>Fund Balance Beginning of Year</i>	<u>270,260</u>	<u>270,260</u>	<u>270,260</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>1</u></u>	<u><u>0</u></u>	<u><u>246,069</u></u>	<u><u>246,069</u></u>

See accompanying notes to the basic financial statements

Village of South Vienna, Clark County
Statement of Net Assets - Cash Basis
Enterprise Funds
December 31, 2008

	Business-Type Activities				Total
	Water	Sewer	Electric	Other Enterprise	
Assets					
Equity in Pooled Cash and Cash Equivalents	23,520	121,799	702,825	153,076	1,001,220
<i>Total Assets</i>	23,520	121,799	702,825	153,076	1,001,220
Net Assets					
Unrestricted	23,520	121,799	702,825	153,076	1,001,220

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 - Cash Basis
Enterprise Funds
For the Year Ended December 31, 2008

	Business-Type Activities				Total
	Water	Sewer	Electric	Other Enterprise	
Operating Receipts					
Charges for Services	48,907	81,037	486,556	4,325	620,825
<i>Total Operating Receipts</i>	<u>48,907</u>	<u>81,037</u>	<u>486,556</u>	<u>4,325</u>	<u>620,825</u>
Operating Disbursements					
Personal Services	12,791	14,206	25,760	0	52,757
Fringe Benefits	3,748	2,512	4,415	0	10,675
Contractual Services	23,679	29,939	337,044	0	390,662
Materials and Supplies	10,441	4,387	7,194	0	22,022
Other	0	0	1,133	1,454	2,587
<i>Total Operating Disbursements</i>	<u>50,659</u>	<u>51,044</u>	<u>375,546</u>	<u>1,454</u>	<u>478,703</u>
<i>Operating Income (Loss)</i>	(1,752)	29,993	111,010	2,871	142,122
Non-Operating Receipts					
Capital Outlay	(2,500)	(3,241)	(15,529)	0	(21,270)
Reduction of Principal	0	0	(7,276)	(6,300)	(13,576)
Interest and Fiscal Charges	0	0	(8,381)	(7,871)	(16,252)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(2,500)</u>	<u>(3,241)</u>	<u>(31,186)</u>	<u>(14,171)</u>	<u>(51,098)</u>
<i>Income (Loss) before Transfers and Advances</i>	(4,252)	26,752	79,824	(11,300)	91,024
Transfers In	0	0	0	28,867	28,867
Transfers Out	0	(28,867)	0	0	(28,867)
<i>Change in Net Assets</i>	(4,252)	(2,115)	79,824	17,567	91,024
<i>Net Assets Beginning of Year</i>	<u>27,772</u>	<u>123,914</u>	<u>623,001</u>	<u>135,509</u>	<u>910,196</u>
<i>Net Assets End of Year</i>	<u><u>23,520</u></u>	<u><u>121,799</u></u>	<u><u>702,825</u></u>	<u><u>153,076</u></u>	<u><u>1,001,220</u></u>

See accompanying notes to the basic financial statements

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Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

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 *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 11 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 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, 2009 and 2008

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 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 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 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 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, 2009 and 2008

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.

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 two categories: governmental, and proprietary

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 fund for 2009 and 2008 was the general fund.

General 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 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, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Village's financial statements are prepared using the 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 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 Fiscal Officer. 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 Council.

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, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

During 2009 and 2008, 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 2009 and 2008.

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, 2009 and 2008.

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 2009 were \$13,101 and \$30,865 for 2008.

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, 2009 and 2008.

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 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.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

K. Long-Term Obligations

The Village'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.

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.

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 cash basis are that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (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 (cash basis). The Village had no outstanding encumbrances for at year end for 2009 was \$448 and \$0 for 2008.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

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).

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 4 – Deposits and Investments (continued)

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.

Deposits

At December 31, 2009, the carrying amount of the Village’s deposits was \$596,401, and the bank balance was \$598,637. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures” \$108,449 was exposed to custodial risk as discussed below, while \$490,188 was covered by federal depository Insurance Corporation. At December 31, 2008, the carrying amount of the Village’s deposits was \$600,901, and the bank balance was \$606,677. Of the bank balance \$106,677 was exposed to custodial risk as discussed below, while \$494,224 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:

	2009 Carrying Value	2008 Carrying Value	Maturity
Star Ohio	\$590,944	\$589,316	Average
Money Market Account	234,737	134,177	Average
Total	\$825,681	\$723,493	

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, 2009 and 2008

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	2009	2008
Investment (summarized above)	\$ 825,681	\$ 723,493
Carrying amount of Village’s deposits	596,401	600,901
Total	\$1,422,082	\$1,324,394
Cash and Investment Per Statement of Net Assets	2009	2008
Governmental Activities	\$ 314,366	\$ 323,174
Business-type Activities	1,107,716	1,001,220
Equity in Pooled Cash and Cash Equivalents	\$1,422,082	\$1,324,394

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 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, 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 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2008 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.

In prior years, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at twenty-five percent of its true value. As part of the phase out of the personal property tax, the assessment percentage of personal property was reduced to 6.25% for 2008. The tax was entirely phased out in 2009. Amounts paid by multi-county taxpayers are due September 20th of the year assessed. Single county taxpayers may pay annually or semi-annually the first payment due April 30th, the remainder payable by September 30th.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 5 – Property Taxes (continued)

The full tax rate for all Village operations for the year ended December 31, 2009 and 2008, 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:

	2009	2008
Real Property:		
Agricultural/Residential	\$4,162,150	\$4,146,230
Other	\$2,139,040	\$2,064,100
Tangible Personal Property:		
Public Utilities Real	\$40,070	\$38,080
General	\$29,007	\$58,013
Total Assessed Value	\$6,370,267	\$6,306,423

Note 6 – Risk Management

The Village is insured through the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. 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.

Casualty Coverage

PEP retains casualty risks up to \$350,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each 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 \$3,000,000 as noted above.

Property Coverage

Travelers reinsures specific losses exceeding \$300,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment.

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.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 6 – Risk Management (continued)

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 (most current figures available):

	2008	2007
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	\$20,459,329	\$20,219,246

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.7 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. This payable includes the subsequent year’s contribution due if the Government terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2009	\$13,774
2008	\$14,168
2007	\$13,881

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 budgetary contribution. Withdrawing members have no other future obligation to the pool. 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.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 7 – 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.

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.

The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2009 and December 31, 2008 members in state and local classifications contributed 10.0 percent of covered payroll. The Village's contribution rate for 2009 and 2008 was 14 percent of covered payroll. State statute sets a maximum contribution rate of the Village of 14 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$14,340, \$13,341, and \$14,446 respectively. The full amount has been contributed for 2009, 2008, and 2007.

Note 8 – Postemployment Benefits

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

The Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan. For qualifying members of the Traditional Pension and Combined Plans, this plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement. Those belonging to the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 8 – Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement benefits. Employer contribution rates are expressed as a percentage of covered payroll of active members. In 2009 and 2008, local government employers contributed 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2009 and 2008, the employer contribution allocated to the health care plan was 8.5 percent and 7.0 percent of covered payroll, respectively, of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The Village's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008, and 2007 were \$5,879, \$5,336, and \$9,389, respectively; 100 percent has been contributed for 2009, 2008, and 2007.

The OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) on September 9, 2004, was effective on 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 healthcare plan.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 9 – Debt Obligations

The Village’s long-term debt activity for the year ended December 31, 2009, was as follows:

Business-Type Activities	Interest Rate %	Balance			Balance December 31, 2009	Due within one year
		December 31, 2008	Additions	Reduction		
1993 Mortgage Rev Bonds	5.625%	\$133,633	\$0	\$ 6,700	\$126,933	\$7,000
OMEGA JV-5	2.5-5%	126,478	0	5,012	121,466	5,434
OMEGA JV-2	5.0%	41,751	0	2,604	39,147	2,604
Total		<u>\$301,862</u>	<u>\$0</u>	<u>\$14,316</u>	<u>\$287,546</u>	<u>\$15,038</u>

The Village’s long-term debt activity for the year ended December 31, 2008, was as follows:

Business-Type Activities	Interest Rate %	Balance			Balance December 31, 2008	Due within one year
		December 31, 2007	Additions	Reduction		
1993 Mortgage Rev Bonds	5.625%	\$139,933	\$0	\$ 6,300	\$133,633	\$6,700
OMEGA JV-5	2.5-5%	131,273	0	4,795	126,478	5,012
OMEGA JV-2	5.0%	44,232	0	2,481	41,751	2,604
Total		<u>\$315,438</u>	<u>\$0</u>	<u>\$13,576</u>	<u>\$301,862</u>	<u>\$14,316</u>

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
2010	\$14,140	\$4,684	\$12,003
2011	\$14,146	\$4,687	\$12,004
2012	\$14,230	\$4,688	\$12,004
2013	\$14,189	\$4,687	\$12,005
2014	\$14,219	\$4,683	\$12,005
2015 – 2019	\$70,900	\$23,425	\$60,025
2020 – 2024	\$39,662	4,687	\$58,833
Totals	<u>\$181,486</u>	<u>\$51,541</u>	<u>\$178,879</u>

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 10– 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:	<u>2009</u>	<u>2008</u>
Other Enterprise Funds – Debt Service	\$ 28,867	\$ 28,867
Total Transfers from the Sewer Fund	<u>\$ 28,867</u>	<u>\$ 28,867</u>

Note 11 – Jointly Governed Organizations

During the years ended December 31, 2009 and 2008, 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.

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, 2009 and 2008, 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.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 11 – Jointly Governed Organizations (continued)

OMEGA JV5 is managed by AMP, 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 \$13,186 at December 31, 2009. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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 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, 2009 and 2008, 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, which acts as the joint venture's agent. During 2001, AMP 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.

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 11 – Jointly Governed Organizations (continued)

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

The Village's net obligation for these bonds at December 31, 2009 was \$32,626 (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 \$31,631 at December 31, 2009. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us. The thirty-six participating subdivisions and their respective ownership shares at December 31, 2009 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>
2010	2,733	1,951	4,684
2011	2,879	1,808	4,687
2012	3,031	1,657	4,688
2013	3,190	1,497	4,687
2014	3,353	1,330	4,683
2015 – 2020	23,959	4,153	28,112
Total Gross Liability	39,145	12,396	51,541
Less: Amount Held in Reserve	(6,519)		
Net Obligation	<u>32,626</u>		

Village of South Vienna
Clark County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 12 – Subsequent Events

Management has evaluated subsequent events through April 9, 2010, the date on which the financial statements were available for issue.

On March 4, 2010, the Village was named as a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

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MANNING & ASSOCIATES CPAS, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

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

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

We have audited the financial statements 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 (the Village), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 9, 2010, wherein, we noted the Village followed accounting practices the Auditor of State prescribes or permits rather 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 by 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.

A deficiency in internal control 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 and timely correct misstatements. *A material weakness* is a deficiency, or a combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 9, 2010.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

April 9, 2010

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2007-001	ORC Sec. 5705.41(D) - Expenditures were not properly certified and Then and Now POs were issued in excess of allowable amounts	Partially	Issued as Management Letter Comment
2007-002	Failure to properly authorize checks with the Village required two signatures	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
JUNE 29, 2010