



Mary Taylor, CPA
Auditor of State

**VILLAGE OF THORNVILLE
PERRY COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

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 Thornville, Perry 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Thornville, Perry County, Ohio, as of December 31, 2009 and 2008, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Street Construction, Maintenance, and Repair, Police Levy, and Letherman funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that

report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 2, 2010

Village of Thornville
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

This discussion and analysis of the Village of Thornville's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2009 and 2008, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2009 are as follows:

Net assets of governmental activities increased \$172,959 or 44 percent, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents were the General Fund and the Letherman Fund, due to the sale of property.

The Village's general receipts consist primarily of property taxes. These receipts represent 45 percent of the general receipts received for governmental activities during the year. Property tax receipts decreased \$2,373 compared to 2008.

Net assets of business-type activities increased \$60,092 from the prior year. Receipts of the business-type activities consist primarily of water, sewer, and swimming pool receipts. The Major Water Operating Fund increased \$30,634 from the prior year, while the Major Sewer Operating Fund increased \$38,986 from the prior year.

Key highlights for 2008 are as follows:

Net assets of governmental activities increased \$71,609 or 22 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.

The Village's general receipts consist primarily of property taxes. These receipts represent 63 percent of the general receipts received for governmental activities during the year. Property tax receipts for 2008 increased \$9,788 compared to 2007.

Net assets of business-type activities increased \$96,485 from the prior year. Receipts of the business-type activities consist primarily of water, sewer, and swimming pool receipts. The Major Water Operating Fund increased \$33,450 while the Major Sewer Operating Fund increased \$42,649.

Using the Basic Financial Statements

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

Report Components

The statement of net assets and the statement of activities provide information about the modified 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.

Village of Thornville
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

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

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 a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2009, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial 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 and income 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, streets and parks. Property taxes 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 the following business-type activities: water, sewer, and a pool. Business-type activities are financed by a fee charged to the customers receiving the service.

Village of Thornville
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 that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

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 nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, the Street Construction, Maintenance, and Repair Fund, the Police Levy Fund, and the Letherman 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 enterprise funds are the Water Operating Fund, the Sewer Operating Fund, and the Swimming Pool Fund. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village has no internal service funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Village as a Whole

Table 1A provides a summary of the Village's net assets for 2009 compared to 2008 on a modified cash basis:

(Table 1A)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Cash and Cash Equivalents	\$501,966	\$338,985	\$734,438	\$674,346	\$1,236,404	\$1,013,331
Investments	68,034	58,056			68,034	58,056
Total Assets	\$570,000	\$397,041	\$734,438	\$674,346	\$1,304,438	\$1,071,387
Net Assets						
Restricted for:						
Permanent Fund	\$2,978	\$2,969			\$2,978	\$2,969
Other Purposes	339,009	225,815			339,009	225,815
Unrestricted	228,013	168,257	\$734,438	\$674,346	962,451	842,603
Total Net Assets	\$570,000	\$397,041	\$734,438	\$674,346	\$1,304,438	\$1,071,387

Village of Thornville
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

As mentioned previously, net assets of governmental activities increased \$172,959 or 44 percent. The primary reasons contributing to the increases in cash balances are as follows:

- Grants and entitlements not restricted to specific programs increased by \$10,844.
- Operating grants and contributions increased by \$9,653.
- Sale of capital assets increased by \$67,664.
- Disbursements decreased by \$14,042.

Table 1B provides a summary of the Village's net assets for 2008 compared to 2007 on a modified cash basis:

(Table 1B)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Cash and Cash Equivalents	\$338,985	\$254,370	\$674,346	\$464,624	\$1,013,331	\$718,994
Investments	58,056	71,062		113,240	58,056	\$184,302
Total Assets	\$397,041	\$325,432	\$674,346	\$577,864	\$1,071,387	\$903,296
Net Assets						
Restricted for:						
Permanent Fund	\$2,969	\$2,868			\$2,969	\$2,868
Other Purposes	225,815	222,289			225,815	\$222,289
Unrestricted	168,257	100,275	\$674,346	\$577,864	842,603	678,139
Total Net Assets	\$397,041	\$325,432	\$674,346	\$577,864	\$1,071,387	\$903,296

As mentioned previously, net assets of governmental activities increased \$71,609 or 22 percent. The primary reasons contributing to the increases in cash balances are as follows:

- Charges for services, consisting of storm sewer fees, increased \$15,000.
- Fines, licenses, and permits, consisting of mayor's court fines and water tower antenna fees, increased \$33,954.

Village of Thornville
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Table 2A reflects the changes in net assets on a modified cash basis in 2009 and 2008 for governmental activities, business-type activities and total primary government.

(Table 2A)

Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$57,878	\$62,847	\$673,126	\$657,047	\$731,004	\$719,894
Operating Grants and Contributions	75,351	65,698			75,351	65,698
Total Program Receipts	133,229	128,545	673,126	657,047	806,355	785,592
General Receipts:						
Property and Other Local Taxes	129,767	132,140			129,767	132,140
Grants and Entitlements Not Restricted to Specific Programs	41,079	30,235			41,079	30,235
Earnings on investments	25,841	21,739			25,841	21,739
Sale of Capital Assets	67,664				67,664	
Cable Franchise Fee	9,039	9,156			9,039	9,156
Miscellaneous	17,386	14,882	12,024	34,324	29,410	49,206
Total General Receipts	290,776	208,152	12,024	34,324	302,800	242,476
Total Receipts	424,005	336,697	685,150	691,371	1,109,155	1,028,068
Disbursements:						
General Government	108,717	102,462			108,717	102,462
Security of Persons and Property:	63,903	64,868			63,903	64,868
Community Environment	5,883	12,337			5,883	12,337
Leisure Time Activities	10,714	5,728			10,714	5,728
Basic Utilities	3,432				3,432	0
Transportation	51,338	66,585			51,338	66,585
Other	7,059	13,108			7,059	13,108
Water			166,990	148,472	166,990	148,472
Sewer			408,582	391,994	408,582	391,994
Swimming Pool			48,046	52,729	48,046	52,729
Other			1,440	1,691	1,440	1,691
Total Disbursements	251,046	265,088	625,058	594,886	876,104	859,974
Increase (Decrease) in Net Assets	172,959	71,609	60,092	96,485	233,051	168,094
Net Assets, January 1	397,041	325,432	674,346	577,861	1,071,387	903,293
Net Assets, December 31	\$570,000	\$397,041	\$734,438	\$674,346	\$1,304,438	\$1,071,387

Village of Thornville
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Table 2B reflects the changes in net assets on a modified cash basis in 2008 and 2007 for governmental activities, business-type activities and total primary government.

(Table 2B)

Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$62,847	\$14,967	\$657,047	\$648,155	\$719,894	\$663,122
Operating Grants and Contributions	65,698	81,179			65,698	81,179
Total Program Receipts	128,545	96,146	657,047	648,155	785,592	744,301
General Receipts:						
Property and Other Local Taxes	132,140	122,352			132,140	122,352
Grants and Entitlements Not Restricted to Specific Programs	30,235	38,481			30,235	38,481
Earnings on investments	21,739	41,258			21,739	41,258
Cable Franchise Fee	9,156	8,082			9,156	8,082
Miscellaneous	14,882	15,005	34,324	4,321	49,206	19,326
Total General Receipts	208,152	225,178	34,324	4,321	242,476	229,499
Total Receipts	336,697	321,324	691,371	652,476	1,028,068	973,800
Disbursements:						
General Government	102,462	79,354			102,462	79,354
Security of Persons and Property:	64,868	40,200			64,868	40,200
Community Environment	12,337	3,135			12,337	3,135
Leisure Time Activities	5,728	7,932			5,728	7,932
Basic Utilities					0	0
Transportation	66,585	87,808			66,585	87,808
Other	13,108				13,108	0
Water			148,472	182,949	148,472	182,949
Sewer			391,994	345,028	391,994	345,028
Swimming Pool			52,729	37,900	52,729	37,900
Other			1,691	415	1,691	415
Total Disbursements	265,088	218,429	594,886	566,292	859,974	784,721
Increase (Decrease) in Net Assets	71,609	102,895	96,485	86,184	168,094	189,079
Net Assets, January 1	325,432	222,537	577,861	491,680	903,293	714,217
Net Assets, December 31	\$397,041	\$325,432	\$674,346	\$577,864	\$1,071,387	\$903,296

Program receipts represent 73 percent and 76 percent of total receipts for fiscal years 2009 and 2008, respectively, and are primarily comprised of water and sewer charges for services.

General receipts represent 27 percent and 24 percent of the Village's total receipts in 2009 and 2008, respectively. Property taxes consist of 43 percent and 54 percent of general receipts for fiscal years 2009 and 2008, respectively. Sale of property makes up 22 percent of general receipts for fiscal year 2009. The remaining general receipts consist of grants and entitlements, earnings on investments, cable franchise fees, and miscellaneous receipts.

Village of Thornville
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

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 the Village Council as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of the operations for the police department; Leisure Time Activities are the costs of maintaining the parks and playing fields; and Transportation is the cost of maintaining the Village streets.

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. For the year ending December 31, 2009, the major program disbursements for governmental activities are for transportation and security of persons and property, which account for 20 and 25 percent of all governmental disbursements, respectively. General government also represents a significant cost of approximately 43 percent. For the year ending December 31, 2008, the major program disbursements for governmental activities are for transportation and security of persons and property, which account for 25 and 24 percent of all governmental disbursements, respectively. General government also represents a significant cost of approximately 39 percent. The next two 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 for 2009, 2008 and 2007 is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008	2007	2007
General Government	\$108,717	\$59,968	\$102,462	\$56,380	\$79,354	\$66,297
Security of Persons and Prc	63,903	63,903	64,868	64,868	40,200	40,200
Leisure Time Activities	10,714	9,764	5,728	4,878	7,932	6,957
Community Environment	5,883	2,949	12,337	11,547	3,135	2,200
Basic Utilities	3,432	(13,702)		(15,125)		
Transportation	51,338	(12,124)	66,585	887	87,808	6,629
Other	7,059	7,059	13,108	13,108		
Total Expenses	\$251,046	\$117,817	\$265,088	\$136,543	\$218,429	\$122,283

The dependence upon general receipts is apparent, as 47 percent and 52 percent of governmental activities are supported through these general receipts for 2009 and 2008, respectively.

Business-type Activities

The water, sewer, and swimming pool operation of the Village is relatively small and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure is beginning to age and the Village has begun discussing the need for major repairs and how these will be funded.

Village of Thornville
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

The Village's Funds

For the fiscal year ending 2009, total governmental funds had receipts of \$356,341 and disbursements of \$243,987. The greatest change within governmental funds occurred within the General Fund and the Letherman Fund. The fund balance of the General Fund increased \$59,756. In addition, property was sold and the Letherman Fund balance increased \$72,896.

For the fiscal year ending 2008, total governmental funds had receipts of \$336,697 and disbursements of \$251,980. The greatest change within governmental funds occurred within the General Fund which reflected an increase in fund balance of \$67,982.

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 budget several times to reflect changing circumstances. For 2009, final budgeted receipts were budgeted at \$166,280 while actual receipts were \$165,344. For 2008, final budgeted receipts were budgeted at \$159,290 while actual receipts were \$179,214.

For 2009, final disbursements were budgeted at \$188,984 while actual disbursements were \$117,305. For 2008, final disbursements were budgeted at \$133,342 while actual disbursements were \$121,015. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the increase in budgetary fund balance of \$48,039 for 2009 and an increase in budgetary fund balance of \$58,199 for 2008.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2009, the Village's outstanding debt included \$1,971,198 in outstanding loans from the Ohio Water Development Authority issued for improvements to wastewater treatment plant. At December 31, 2008, the Village's outstanding debt included \$2,034,004 in outstanding loans from the Ohio Water Development Authority.

Current Issues

One of the major issues for the Village is the storm sewer system, which is in need of major repairs. A fee has been established beginning January 1, 2008. The amount collected for 2009 was \$17,134 and for 2008 was \$15,125.

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 Melissa Tremblay, Fiscal Officer, Village of Thornville, 3 S. Main Street, Thornville, Ohio 43076.

Village of Thornville
Perry County
Statement of Net Assets - Modified Cash Basis
December 31, 2009

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$501,966	\$734,438	\$1,236,404
Investments	68,034		68,034
<i>Total Assets</i>	<u>\$570,000</u>	<u>\$734,438</u>	<u>\$1,304,438</u>
Net Assets			
Restricted for:			
Permanent Fund Purpose			
Nonexpendable	\$2,978		\$2,978
Other Purposes	339,009		339,009
Unrestricted	228,013	\$734,438	962,451
<i>Total Net Assets</i>	<u>\$570,000</u>	<u>\$734,438</u>	<u>\$1,304,438</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Activities - Modified 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	\$108,717	\$36,860	\$11,889	(\$59,968)		(\$59,968)
Security of Persons and Property	63,903			(63,903)		(63,903)
Leisure Time Activities	10,714	950		(9,764)		(9,764)
Community Environment	5,883	2,934		(2,949)		(2,949)
Basic Utility Services	3,432	17,134		13,702		13,702
Transportation	51,338		63,462	12,124		12,124
Other	7,059			(7,059)		(7,059)
<i>Total Governmental Activities</i>	<u>251,046</u>	<u>57,878</u>	<u>75,351</u>	<u>(117,817)</u>	<u>\$0</u>	<u>(117,817)</u>
Business Type Activities						
Water	166,990	194,420			27,430	27,430
Sewer	408,582	441,753			33,171	33,171
Swimming Pool	48,046	36,953			(11,093)	(11,093)
Thornhill Phase II	1,440				(1,440)	(1,440)
<i>Total Business Type Activities</i>	<u>625,058</u>	<u>673,126</u>	<u>0</u>	<u>0</u>	<u>48,068</u>	<u>48,068</u>
Total	<u>\$876,104</u>	<u>\$731,004</u>	<u>\$75,351</u>	<u>(117,817)</u>	<u>48,068</u>	<u>(69,749)</u>
General Receipts						
Property Taxes Levied for:						
General Purposes				80,271		80,271
Police				41,882		41,882
Other Purposes				7,614		7,614
Sale of Capital Assets				67,664		67,664
Cable Franchise Fees				9,039		9,039
Grants and Entitlements not Restricted to Specific Programs				41,079		41,079
Earnings on Investments				25,841		25,841
Miscellaneous				17,386	12,024	29,410
<i>Total General Receipts</i>				<u>290,776</u>	<u>12,024</u>	<u>302,800</u>
Change in Net Assets				172,959	60,092	233,051
<i>Net Assets Beginning of Year</i>				<u>397,041</u>	<u>674,346</u>	<u>1,071,387</u>
<i>Net Assets End of Year</i>				<u>\$570,000</u>	<u>\$734,438</u>	<u>\$1,304,438</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Street Construction, Maintenance, and Repair Fund	Police Levy Fund	Letherman Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$228,013	\$74,609	\$28,517	\$91,169	\$79,658	\$501,966
Investments				65,056	2,978	68,034
Total Assets	<u>\$228,013</u>	<u>\$74,609</u>	<u>\$28,517</u>	<u>\$156,225</u>	<u>\$82,636</u>	<u>\$570,000</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$11,717	\$1,835	\$2,538		\$4,800	\$20,890
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	216,296					216,296
Special Revenue Funds		72,774	\$25,979	\$156,225	74,858	329,836
Permanent Fund					2,978	2,978
Total Fund Balances	<u>\$228,013</u>	<u>\$74,609</u>	<u>\$28,517</u>	<u>\$156,225</u>	<u>\$82,636</u>	<u>\$570,000</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Street Construction, Maintenance, and Repair Fund	Police Levy Fund	Letherman Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$80,271		\$41,882		\$7,614	\$129,767
Charges for Services					18,084	18,084
Fines, Licenses and Permits	46,673				2,160	48,833
Intergovernmental	28,177	\$58,702	11,231		18,320	116,430
Earnings on Investments	7,791	579		\$17,268	203	25,841
Miscellaneous	2,432	1,992	4	5	12,953	17,386
<i>Total Receipts</i>	<u>165,344</u>	<u>61,273</u>	<u>53,117</u>	<u>17,273</u>	<u>59,334</u>	<u>356,341</u>
Disbursements						
Current:						
General Government	91,359			4,982	12,376	108,717
Security of Persons and Property	8,346		46,473		9,084	63,903
Public Health Services						0
Leisure Time Activities					10,714	10,714
Community Environment	5,883					5,883
Basic Utility Services					3,432	3,432
Transportation		47,705			3,633	51,338
<i>Total Disbursements</i>	<u>105,588</u>	<u>47,705</u>	<u>46,473</u>	<u>4,982</u>	<u>39,239</u>	<u>243,987</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>59,756</u>	<u>13,568</u>	<u>6,644</u>	<u>12,291</u>	<u>20,095</u>	<u>112,354</u>
Other Financing Sources (Uses)						
Sale of Capital Assets				67,664		67,664
Other Financing Uses				(7,059)		(7,059)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>60,605</u>	<u>0</u>	<u>60,605</u>
<i>Net Change in Fund Balances</i>	59,756	13,568	6,644	72,896	20,095	172,959
<i>Fund Balances Beginning of Year</i>	<u>168,257</u>	<u>61,041</u>	<u>21,873</u>	<u>83,329</u>	<u>62,541</u>	<u>397,041</u>
<i>Fund Balances End of Year</i>	<u>\$228,013</u>	<u>\$74,609</u>	<u>\$28,517</u>	<u>\$156,225</u>	<u>\$82,636</u>	<u>\$570,000</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$75,000	\$75,000	\$80,271	\$5,271
Fines, Licenses and Permits	55,550	55,550	46,673	(8,877)
Intergovernmental	20,730	20,730	28,177	7,447
Earnings on Investments	15,000	15,000	7,791	(7,209)
Miscellaneous	0	0	2,432	2,432
<i>Total Receipts</i>	166,280	166,280	165,344	(936)
Disbursements				
Current:				
General Government	142,874	157,874	103,076	54,798
Security of Persons and Property	18,700	18,700	8,346	10,354
Public Health Services		0		0
Leisure Time Activities		0		0
Community Environment	7,410	7,410	5,883	1,527
Basic Utility Services				0
Transportation	5,000	5,000	0	5,000
<i>Total Disbursements</i>	173,984	188,984	117,305	71,679
<i>Net Change in Fund Balance</i>	(7,704)	(22,704)	48,039	70,743
<i>Fund Balance Beginning of Year</i>	158,474	158,474	158,474	0
Prior Year Encumbrances Appropriated	9,783	9,783	9,783	0
<i>Fund Balance End of Year</i>	\$160,553	\$145,553	\$216,296	\$70,743

See accompanying notes to the basic financial statements

Village of Thornville
Perry County

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Street Construction, Maintenance, and Repair Fund
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$60,000	\$60,000	\$58,702	(\$1,298)
Interest	1,000	1,000	579	(421)
Miscellaneous			1,992	1,992
<i>Total Receipts</i>	61,000	61,000	61,273	273
Disbursements				
Current:				
Transportation	79,139	79,139	49,540	29,599
<i>Total Disbursements</i>	79,139	79,139	49,540	29,599
<i>Excess of Receipts Over (Under) Disbursements</i>	(18,139)	(18,139)	11,733	29,872
<i>Net Change in Fund Balance</i>	(18,139)	(18,139)	11,733	29,872
<i>Fund Balance Beginning of Year</i>	60,190	60,190	60,190	0
Prior Year Encumbrances Appropriated	851	851	851	0
<i>Fund Balance End of Year</i>	\$42,902	\$42,902	\$72,774	\$29,872

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Police Levy Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$43,500	\$43,500	\$41,882	(\$1,618)
Intergovernmental	5,740	5,740	11,231	5,491
Miscellaneous	0	0	4	4
<i>Total Receipts</i>	<u>49,240</u>	<u>49,240</u>	<u>53,117</u>	<u>3,877</u>
Disbursements				
Current:				
Security of Persons and Property	<u>53,173</u>	<u>53,173</u>	<u>49,011</u>	<u>4,162</u>
<i>Total Disbursements</i>	<u>53,173</u>	<u>53,173</u>	<u>49,011</u>	<u>4,162</u>
<i>Net Change in Fund Balance</i>	(3,933)	(3,933)	4,106	8,039
<i>Fund Balance Beginning of Year</i>	20,900	20,900	20,900	0
Prior Year Encumbrances Appropriated	<u>973</u>	<u>973</u>	<u>973</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$17,940</u></u>	<u><u>\$17,940</u></u>	<u><u>\$25,979</u></u>	<u><u>\$8,039</u></u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Letherman Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Earnings on Investments	\$500	\$500	\$17,268	\$16,768
Miscellaneous			5	5
<i>Total Receipts</i>	<u>500</u>	<u>500</u>	<u>17,273</u>	<u>16,773</u>
Disbursements				
Current:				
General Government	9,200	9,200	4,982	4,218
<i>Total Disbursements</i>	<u>9,200</u>	<u>9,200</u>	<u>4,982</u>	<u>4,218</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,700)</u>	<u>(8,700)</u>	<u>12,291</u>	<u>20,991</u>
Other Financing Sources (Uses)				
Sale of Capital Assets			67,664	67,664
Other Financing Uses	(15,000)	(15,000)	(7,059)	7,941
<i>Total Other Financing Sources (Uses)</i>	<u>(15,000)</u>	<u>(15,000)</u>	<u>60,605</u>	<u>75,605</u>
<i>Net Change in Fund Balance</i>	(23,700)	(23,700)	72,896	96,596
<i>Fund Balance Beginning of Year</i>	83,329	83,329	83,329	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$59,629</u>	<u>\$59,629</u>	<u>\$156,225</u>	<u>\$96,596</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2009

	Business-Type Activities			Total Enterprise Funds
	Major Water Operating Fund	Major Sewer Operating Fund	Other Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$460,655	\$236,698	\$37,085	\$734,438
<i>Total Assets</i>	<u>\$460,655</u>	<u>\$236,698</u>	<u>\$37,085</u>	<u>\$734,438</u>
Net Assets				
Unrestricted	\$460,655	\$236,698	\$37,085	\$734,438
	<u>\$460,655</u>	<u>\$236,698</u>	<u>\$37,085</u>	<u>\$734,438</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2009

	Business-Type Activities			Total Enterprise Funds
	Major Water Operating Fund	Major Sewer Operating Fund	Other Enterprise Funds	
Operating Receipts				
Charges for Services	\$194,420	\$441,753	\$36,953	\$673,126
Other Operating Receipts	710	13	191	914
<i>Total Operating Receipts</i>	<u>195,130</u>	<u>441,766</u>	<u>37,144</u>	<u>674,040</u>
Operating Disbursements				
Personal Services	65,758	66,303	19,123	151,184
Fringe Benefits	20,384	20,661	3,140	44,185
Contractual Services	38,976	72,153	6,179	117,308
Materials and Supplies	33,271	57,669	21,044	111,984
Other	8,601	5		8,606
<i>Total Operating Disbursements</i>	<u>166,990</u>	<u>216,791</u>	<u>49,486</u>	<u>433,267</u>
<i>Operating Income (Loss)</i>	<u>28,140</u>	<u>224,975</u>	<u>(12,342)</u>	<u>240,773</u>
Non-Operating Receipts (Disbursements)				
Miscellaneous	2,494	5,802	2,814	11,110
Capital Outlay				0
Principal Payments		(62,806)		(62,806)
Interest and Fiscal Charges		(128,985)		(128,985)
<i>Change in Net Assets</i>	<u>30,634</u>	<u>38,986</u>	<u>(9,528)</u>	<u>60,092</u>
<i>Net Assets Beginning of Year</i>	<u>430,021</u>	<u>197,712</u>	<u>46,613</u>	<u>674,346</u>
<i>Net Assets End of Year</i>	<u>\$460,655</u>	<u>\$236,698</u>	<u>\$37,085</u>	<u>\$734,438</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2009

	<u>Agency</u>
Assets	
Cash in Segregated Accounts	<u>\$2,849</u>
Net Assets	
Unrestricted	<u>\$2,849</u>

See accompanying notes to the basic financial statements

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Village of Thornville
Perry County
Statement of Net Assets - Modified Cash Basis
December 31, 2008

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$338,985	\$674,346	\$1,013,331
Investments	58,056		58,056
<i>Total Assets</i>	<u>\$397,041</u>	<u>\$674,346</u>	<u>\$1,071,387</u>
Net Assets			
Restricted for:			
Permanent Fund Purpose			
Nonexpendable	\$2,969		\$2,969
Other Purposes	225,815		225,815
Unrestricted	168,257	\$674,346	842,603
<i>Total Net Assets</i>	<u>\$397,041</u>	<u>\$674,346</u>	<u>\$1,071,387</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2008

	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	\$102,462	\$46,082		(\$56,380)		(\$56,380)
Security of Persons and Property	64,868			(64,868)		(64,868)
Leisure Time Activities	5,728	850		(4,878)		(4,878)
Community Environment	12,337	790		(11,547)		(11,547)
Basic Utility Services		15,125		15,125		15,125
Transportation	66,585		\$65,698	(887)		(887)
Other	13,108			(13,108)		(13,108)
<i>Total Governmental Activities</i>	265,088	62,847	65,698	(136,543)	\$0	(136,543)
Business Type Activities						
Water	148,472	181,299			32,827	32,827
Sewer	391,994	432,667			40,673	40,673
Swimming Pool	52,729	43,081			(9,648)	(9,648)
Thornhill Phase II	1,691				(1,691)	(1,691)
<i>Total Business Type Activities</i>	594,886	657,047	0	0	62,161	62,161
Total	\$859,974	\$719,894	\$65,698	(136,543)	62,161	(74,382)
General Receipts						
Property Taxes Levied for:						
General Purposes				79,571		79,571
Police				44,782		44,782
Other Purposes				7,787		7,787
Cable Franchise Fees				9,156		9,156
Grants and Entitlements not Restricted to Specific Programs				30,235		30,235
Earnings on Investments				21,739		21,739
Miscellaneous				14,882	34,324	49,206
<i>Total General Receipts</i>				208,152	34,324	242,476
Change in Net Assets				71,609	96,485	168,094
<i>Net Assets Beginning of Year</i>				325,432	577,861	903,293
<i>Net Assets End of Year</i>				<u>\$397,041</u>	<u>\$674,346</u>	<u>\$1,071,387</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Street Construction, Maintenance, and Repair Fund	Police Levy Fund	Letherman Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$168,257	\$61,041	\$21,873	\$28,242	\$59,572	\$338,985
Investments				55,087	2,969	58,056
<i>Total Assets</i>	<u>\$168,257</u>	<u>\$61,041</u>	<u>\$21,873</u>	<u>\$83,329</u>	<u>\$62,541</u>	<u>\$397,041</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$9,783	\$851	\$973		\$1,128	\$12,735
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	158,474					158,474
Special Revenue Funds		60,190	20,900	\$83,329	58,444	222,863
Permanent Fund					2,969	2,969
<i>Total Fund Balances</i>	<u>\$168,257</u>	<u>\$61,041</u>	<u>\$21,873</u>	<u>\$83,329</u>	<u>\$62,541</u>	<u>\$397,041</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Street Construction, Maintenance, and Repair Fund	Police Levy Fund	Letherman Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$79,571		\$44,782		\$7,787	\$132,140
Charges for Services					15,975	15,975
Fines, Licenses and Permits	53,428				2,600	56,028
Intergovernmental	22,622	\$60,772	6,421		6,118	95,933
Earnings on Investments	19,376	1,229		\$578	556	21,739
Miscellaneous	4,217	4,550	161	2	5,952	14,882
<i>Total Receipts</i>	<u>179,214</u>	<u>66,551</u>	<u>51,364</u>	<u>580</u>	<u>38,988</u>	<u>336,697</u>
Disbursements						
Current:						
General Government	98,845			1,478	2,139	102,462
Security of Persons and Property	50		46,771		18,047	64,868
Leisure Time Activities					5,728	5,728
Community Environment	12,337					12,337
Transportation		64,834			1,751	66,585
<i>Total Disbursements</i>	<u>111,232</u>	<u>64,834</u>	<u>46,771</u>	<u>1,478</u>	<u>27,665</u>	<u>251,980</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>67,982</u>	<u>1,717</u>	<u>4,593</u>	<u>(898)</u>	<u>11,323</u>	<u>84,717</u>
Other Financing Sources (Uses)						
Other Financing Uses				(13,108)		(13,108)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(13,108)</u>	<u>0</u>	<u>(13,108)</u>
<i>Net Change in Fund Balances</i>	67,982	1,717	4,593	(14,006)	11,323	71,609
<i>Fund Balances Beginning of Year</i>	100,275	59,324	17,280	97,335	51,218	325,432
<i>Fund Balances End of Year</i>	<u>\$168,257</u>	<u>\$61,041</u>	<u>\$21,873</u>	<u>\$83,329</u>	<u>\$62,541</u>	<u>\$397,041</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$78,200	\$78,200	\$79,571	\$1,371
Fines, Licenses and Permits	37,300	37,300	53,428	16,128
Intergovernmental	13,790	13,790	22,622	8,832
Earnings on Investments	30,000	30,000	19,376	(10,624)
Miscellaneous			4,217	4,217
<i>Total Receipts</i>	159,290	159,290	179,214	19,924
Disbursements				
Current:				
General Government	105,942	115,013	108,628	6,385
Security of Persons and Property		1,900	50	1,850
Community Environment	14,500	16,429	12,337	4,092
<i>Total Disbursements</i>	120,442	133,342	121,015	12,327
<i>Excess of Receipts Over (Under) Disbursements</i>	38,848	25,948	58,199	32,251
<i>Net Change in Fund Balance</i>	38,848	25,948	58,199	32,251
<i>Fund Balance Beginning of Year</i>	98,044	98,044	98,044	0
Prior Year Encumbrances Appropriated	2,231	2,231	2,231	0
<i>Fund Balance End of Year</i>	\$139,123	\$126,223	\$158,474	\$32,251

See accompanying notes to the basic financial statements

Village of Thornville
Perry County

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Street Construction, Maintenance, and Repair Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$59,000	\$59,000	\$60,772	\$1,772
Earnings on Investments	1,500	1,500	1,229	(271)
Miscellaneous			4,550	4,550
<i>Total Receipts</i>	<u>60,500</u>	<u>60,500</u>	<u>66,551</u>	<u>6,051</u>
Disbursements				
Current:				
Transportation	<u>83,958</u>	<u>83,958</u>	<u>65,685</u>	<u>18,273</u>
<i>Total Disbursements</i>	<u>83,958</u>	<u>83,958</u>	<u>65,685</u>	<u>18,273</u>
<i>Net Change in Fund Balance</i>	(23,458)	(23,458)	866	24,324
<i>Fund Balance Beginning of Year</i>	58,424	58,424	58,424	0
Prior Year Encumbrances Appropriated	<u>900</u>	<u>900</u>	<u>900</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$35,866</u></u>	<u><u>\$35,866</u></u>	<u><u>\$60,190</u></u>	<u><u>\$24,324</u></u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Police Levy Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$45,670	\$45,670	\$44,782	(\$888)
Intergovernmental	2,000	2,000	6,421	4,421
Miscellaneous			161	161
<i>Total Receipts</i>	47,670	47,670	51,364	3,694
Disbursements				
Current:				
Security of Persons and Property	45,850	49,250	47,744	1,506
<i>Total Disbursements</i>	45,850	49,250	47,744	1,506
<i>Net Change in Fund Balance</i>	1,820	(1,580)	3,620	5,200
<i>Fund Balance Beginning of Year</i>	17,280	17,280	17,280	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	\$19,100	\$15,700	\$20,900	\$5,200

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Letherman Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Earnings on Investments	\$8,000	\$8,000	\$578	(\$7,422)
Miscellaneous			2	2
<i>Total Receipts</i>	<u>8,000</u>	<u>8,000</u>	<u>580</u>	<u>(7,420)</u>
Disbursements				
Current:				
General Government	6,200	6,200	1,478	4,722
<i>Total Disbursements</i>	<u>6,200</u>	<u>6,200</u>	<u>1,478</u>	<u>4,722</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,800</u>	<u>1,800</u>	<u>(898)</u>	<u>(2,698)</u>
Other Financing Sources (Uses)				
Other Financing Uses	(300)	(300)	(13,108)	(12,808)
<i>Total Other Financing Sources (Uses)</i>	<u>(300)</u>	<u>(300)</u>	<u>(13,108)</u>	<u>(12,808)</u>
<i>Net Change in Fund Balance</i>	1,500	1,500	(14,006)	(15,506)
<i>Fund Balance Beginning of Year</i>	97,335	97,335	97,335	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$98,835</u>	<u>\$98,835</u>	<u>\$83,329</u>	<u>(\$15,506)</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2008

	Business-Type Activities			Total Enterprise Funds
	Major Water Operating Fund	Major Sewer Operating Fund	Other Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$430,021	\$197,712	\$46,613	\$674,346
<i>Total Assets</i>	<u>\$430,021</u>	<u>\$197,712</u>	<u>\$46,613</u>	<u>\$674,346</u>
Net Assets				
Unrestricted	\$430,021	\$197,712	\$46,613	\$674,346
	<u>\$430,021</u>	<u>\$197,712</u>	<u>\$46,613</u>	<u>\$674,346</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2008

	Business-Type Activities			Total Enterprise Funds
	Major Water Operating Fund	Major Sewer Operating Fund	Other Enterprise Funds	
Operating Receipts				
Charges for Services	\$181,299	\$432,667	\$43,081	\$657,047
Other Operating Receipts	486	1,242	0	1,728
<i>Total Operating Receipts</i>	<u>181,785</u>	<u>433,909</u>	<u>43,081</u>	<u>658,775</u>
Operating Disbursements				
Personal Services	57,941	57,734	21,017	136,692
Fringe Benefits	20,718	20,488	3,876	45,082
Contractual Services	38,218	52,959	4,334	95,511
Materials and Supplies	31,570	68,798	25,193	125,561
Other	25	224	0	249
<i>Total Operating Disbursements</i>	<u>148,472</u>	<u>200,203</u>	<u>54,420</u>	<u>403,095</u>
<i>Operating Income (Loss)</i>	<u>33,313</u>	<u>233,706</u>	<u>(11,339)</u>	<u>255,680</u>
Non-Operating Receipts (Disbursements)				
Miscellaneous Receipts	137	734	31,725	32,596
Principal Payments		(58,977)		(58,977)
Interest and Fiscal Charges		(132,814)		(132,814)
<i>Change in Net Assets</i>	<u>33,450</u>	<u>42,649</u>	<u>20,386</u>	<u>96,485</u>
<i>Net Assets Beginning of Year</i>	<u>396,571</u>	<u>155,063</u>	<u>26,227</u>	<u>577,861</u>
<i>Net Assets End of Year</i>	<u><u>\$430,021</u></u>	<u><u>\$197,712</u></u>	<u><u>\$46,613</u></u>	<u><u>\$674,346</u></u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2008

	<u>Agency</u>
Assets	
Cash and Cash Equivalents in Segregated Accounts	<u>\$2,088</u>
Net Assets	
Unrestricted	<u>\$2,088</u>

See accompanying notes to the basic financial statements

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Note 1 – Reporting Entity

The Village of Thornville, Perry County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie. The six council members elect a President of Council.

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

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 and sewer utilities, maintenance of Village roads and bridges, park operations, and police services.

B. Component Units

The Village has no component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Village participated in the Ohio Government Risk Management Plan, a public entity risk pool, through July 22, 2008.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and 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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type.

Note 2 – Summary of Significant Accounting Policies (Continued)

Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

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 proprietary fund statements report all other receipts and disbursements as nonoperating.

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. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are as follows:

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.

Street Construction, Maintenance, and Repair Fund – This fund receives gasoline tax and motor vehicle license tax money for the purpose of constructing, maintaining, and repairing Village streets.

Police Levy Fund – This fund receives property tax monies to help fund the operations of

Note 2 – Summary of Significant Accounting Policies (Continued)

the Village police department.

Letherman Fund – This fund receives earnings on investments from a bequest.

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 – 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 as follows:

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

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

Internal Service Fund – Internal service funds account for services provided by one department of the Village to another on a cost-reimbursement basis. The Village does not have any Internal Service funds.

Fiduciary Funds

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

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. 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. Any such modifications made by the Village are described in the appropriate section in this note.

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

D. Budgetary Process

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

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Village records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Village is pooled and invested in most instances. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". Cash and cash equivalents, held by the Village Mayor's court separately in accounts at a financial institution service, are reported as "Cash and Cash Equivalents in Segregated Accounts" on the Statement of Fiduciary Net Assets.

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, respectively.

During 2009 and 2008, the Village invested in certificates of deposit, which were purchased by specific funds. In addition, the Village held mutual funds which were bequeathed to the Village from the Letherman estate during 2001.

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 \$7,791, which includes \$6,429 assigned from other Village funds. Interest receipts credited to the General Fund during 2008 were \$19,376, which includes \$16,333 assigned from other Village funds.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

or enabling legislation.

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. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. 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, Police Levy, and the Letherman estate. No amounts were restricted by enabling legislation.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. 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 which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 2 – Summary of Significant Accounting Policies (Continued)

O. 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 – Accountability and Compliance

Contrary to the requirements of Ohio Rev. Code Section 5705.40, appropriations posted to the Village's accounting system for the Letherman Fund exceeded total appropriations adopted by Village Council by \$12,500 for the year ended December 31, 2008.

Note 4 – 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 – Budget Basis presented for the General Fund, Police Levy Fund, Street Construction, Maintenance, and Repair Fund and the Letherman Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). Encumbrances outstanding for the General Fund and major Special Revenue Funds at year end (budgetary basis) were as follows:

Fund	Year Ended December 31, 2008	Year Ended December 31, 2009
General	\$9,783	\$11,717
Street Construction, Maintenance and Repair	851	1,835
Policy Levy	973	2,538

There were no outstanding advances at year end.

Note 5 – 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 either 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 not later than the end of the current period of designation of depositories, or by

Note 5 – Deposits and Investments (Continued)

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) above 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 (STAROhio).

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.

At year end, the Village had no undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009, \$1,015,622 of the Village's bank balance of \$1,265,622 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name. At December 31, 2008, \$804,796 of the Village's bank balance of \$1,054,796 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but

Note 5 – Deposits and Investments (Continued)

not in the Village's name.

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

Investments

As of December 31, 2009, the Village had the following investments:

	Carrying Value	Maturity
JP Morgan US Equity Mutual Funds	\$65,056	None

As of December 31, 2008, the Village had the following investments:

	Carrying Value	Maturity
JP Morgan US Equity Mutual Funds	\$55,087	None

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village has no investment policy which addresses interest rate risk.

The JP Morgan US Equity Mutual Funds carry a rating of two to four stars. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 6 – 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 tax receipts received in 2008 represent the collection of 2007 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. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain 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 property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after

Note 6 – Property Taxes (Continued)

October 1, 2008, and are collected with real property taxes.

Public utility real and tangible personal property tax receipts received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Note 7 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village participated in the Ohio Government Risk Management Plan, a public entity risk pool, through July 22, 2008. Effective August 21, 2008, the Village obtained insurance coverage through Selective Insurance Company of South Carolina. During 2009, the Village's insurance coverage with Selective Insurance was as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Selective Insurance Company	Property	\$7,167,340
	General Liability	
	Per Occurrence	1,000,000
	Annual Aggregate	2,000,000
	Employer's Liability	1,000,000
	Employee Benefits Liability	
	Incident	1,000,000
	Annual Aggregate	2,000,000
	Public Officials Liability	
	Incident	1,000,000
	Annual Aggregate	1,000,000
	Law Enforcement Liability	
	Incident	1,000,000
	Annual Aggregate	1,000,000
	Automobile Liability	1,000,000
	Inland Marine	150,000
Crime	65,000	
Equipment	65,000	
Umbrella	3,000,000	

Note 7 – Risk Management (Continued)

During 2008, the Village's insurance coverage with Selective Insurance was as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Selective Insurance Company	Property	\$6,729,151
	General Liability	
	Per Occurrence	1,000,000
	Annual Aggregate	2,000,000
	Employer's Liability	1,000,000
	Employee Benefits Liability	
	Incident	1,000,000
	Annual Aggregate	2,000,000
	Public Officials Liability	
	Incident	1,000,000
	Annual Aggregate	1,000,000
	Law Enforcement Liability	
	Incident	1,000,000
	Annual Aggregate	1,000,000
	Automobile Liability	1,000,000
	Inland Marine	150,000
	Crime	65,000
Equipment	65,000	
Umbrella	3,000,000	

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

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional 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

Note 8 – Defined Benefit Pension Plan (Continued)

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) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2009 and 2008, members in state and local classifications contributed 10 percent of covered payroll.

The Village's contribution rate for 2009 and 2008 was 14 percent of covered payroll. For the period January 1 through March 31, 2009, a portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. For 2008, a portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent.

The Village's required contributions for pension obligations for the years ended December 31, 2009, 2008, and 2007 were \$15,952, \$12,764, and \$14,001 respectively. The full amount has been contributed for 2009, 2008 and 2007.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers for 2009 and 2008. Contribution rates are established by State statute. For 2009 and 2008, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2009, 2008, and 2007 were \$3,514, \$3,116 and \$11,455. The full amount has been contributed for 2009, 2008 and 2007.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare.

The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for

Note 9 - Postemployment Benefits (Continued)

disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009 and 2008, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions that was allocated to fund postemployment healthcare was 7 percent of covered payroll from January 1 through March 31, 2009, and 5.5 percent from April 1 to December 31, 2009. The amount of the employer contributions that was allocated to fund postemployment healthcare was 7 percent of covered payroll for 2008.

The Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008 and 2007 were \$11,308, \$12,764 and \$9,222 respectively. The full amount has been contributed for 2009, 2008 and 2007.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective 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.

B. Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

Village of Thornville
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 9 - Postemployment Benefits (Continued)

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent of covered payroll for police employers.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2009 and 2008, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for police for the years ended December 31, 2009, 2008 and 2007 were \$1,860, \$1,650 and \$6,065 respectively.

Note 10 – Debt

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

<u>Business-Type Activities</u>	<u>Interest Rate</u>	<u>Balance 12/31/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2009</u>	<u>Due Within One Year</u>
2002 OWDA Loan 3313	6.39%	\$2,034,004		\$62,806	\$1,971,198	\$66,883

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

<u>Business-Type Activities</u>	<u>Interest Rate</u>	<u>Balance 12/31/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2008</u>	<u>Due Within One Year</u>
2002 OWDA Loan 3313	6.39%	\$2,092,981		\$58,977	\$2,034,004	\$62,806

The Ohio Water Development Authority (OWDA) 3313 loan relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$95,896, including interest, over 25 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Village of Thornville
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 10 – Debt (Continued)

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

Year Ended December 31	OWDA Loan	
	Principal	Interest
2010	66,883	124,908
2011	71,225	120,566
2012	75,849	115,942
2013	80,774	111,018
2014	86,018	105,774
2015-2019	521,465	437,491
2020-2024	714,187	244,769
2025-2027	354,797	28,785
Totals	\$1,971,198	\$1,289,253

Note 11 – Letherman Estate

During 2001 the Village received a bequest (will) of property, including real property (building and land) and approximately \$54,000 in mutual fund investments. The will requires the Village to utilize the real property for a health care facility or a recreational community center for the citizens of the Village and the mutual funds for the upkeep of the property. The will also requires that if the Village is unable to utilize the property for these purposes then the buildings on the property are to be torn down. The Village has rented the house on this property for the purposes of raising money to potentially turn this property into a recreation center. During the audit period, the Village consulted with its legal counsel in regards to the legality of this arrangement, legality of the Village holding the types of investments which were bequeathed to the Village, and whether the corpus of the bequest may be spent or must be held intact. On November 5, 2009 the Village held an auction and sold the property.

Note 12 – Pending Litigation

The Village is currently a party to legal proceedings. According to Village legal counsel, the outcome cannot be determined at this time.



Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Thornville, Perry 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 November 2, 2010, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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*.

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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village'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 directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 2, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 2, 2010

**VILLAGE OF THORNVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Rev. Code Section 5705.40 states, in part, that a subdivision may amend or supplement its appropriation measure provided the entity complies with the same provisions of law as are used in making the original appropriation.

For 2008, appropriations posted to the Village's accounting system did not agree to total appropriations by fund adopted by the Village Council. In addition, no evidence was noted of these additional appropriations being filed with and certified by the County Auditor. The following variance was noted between approved appropriations and those posted to the accounting system:

Appropriation for the Leatherman Fund for 2008 was as follows:

Appropriations Posted to the Accounting System:	\$19,000
Approved Appropriations:	6,500
Approved Appropriations Over/(Under) Appropriations Posted:	(12,500)

Failure to post appropriations to the accounting system accurately reduces the effectiveness of Village Council to monitor budget vs actual activity. An adjustment was made to the budgetary statement to accurately present appropriations approved by Village Council.

We recommend Village Council approve all appropriation amendments, as evidenced in the minutes, prior to being posted to the Village's records.

Official's Response: We did not receive a response from Officials to this finding.

**VILLAGE OF THORNVILLE
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	It could not be determined if the balance and transactions of the Letherman Fund, were properly classified as a special revenue fund within the financial statements.	Yes	
2007-002	Ohio Admin. Code Section 117-2-02(A) – An accounting system and accounting records must be maintained by all local public offices. Ohio Rev. Code Section 149.351(A) – All records are the property of the public office concerned and shall not be removed, destroyed, or otherwise damaged or disposed of. Adequate supporting documentation was not provided for Charges for Services for business-type activities, Major Water Operating Fund, Major Sewer Operating Fund and remaining fund information.	Yes	
2007-003	Ohio Rev. Code Section 5705.39 – Total appropriations from each fund shall not exceed the total estimated revenue available for expenditure.	Yes	
2007-004	Ohio Rev. Code Section 5705.10(H) – Negative fund balances existed.	Yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF THORNVILLE

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 9, 2010