



Dave Yost • Auditor of State

VILLAGE OF THORNVILLE
PERRY COUNTY

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PERRY COUNTY

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Dave Yost • 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, 2011 and 2010, 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(A) mandates 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, 2011 and 2010, and the respective changes in modified cash financial position, thereof 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 accounting basis Note 2 describes.

As described in Note 2, during 2011 the Village adopted Governmental Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2012, 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.

We conducted our audit to opine on the Village's financial statements taken as a whole, Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and long-term debt. These tables provide additional information, but are not part of the basic financial statements. However, these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

August 2, 2012

Village of Thornville
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
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 year ended December 31, 2011 and 2010, 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 2011 are as follows:

Net assets of governmental activities increased \$155,485 or 21 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 47 percent of the general receipts received for governmental activities during the year. Property tax receipts decreased \$10,328 compared to 2010.

Net assets of business-type activities increased \$60,380 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 \$26,569 from the prior year, while the Major Sewer Operating Fund increased \$37,561 from the prior year.

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$173,551 or 30 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 60 percent of the general receipts received for governmental activities during the year. Property tax receipts increased \$14,041 compared to 2009.

Net assets of business-type activities increased \$43,645 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 \$11,309, while the Major Sewer Operating Fund increased \$38,407.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on 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 2011 and 2010, 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, & pool. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate 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 were the General Fund, Street Construction, Maintenance and Repair Fund, Police Levy Fund, Letherman Fund, and the OPWC Grant Fund for 2011. For 2010 the Village's major governmental funds were the General Fund, Street Construction, Maintenance and Repair 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. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's enterprise funds are the Water Operating fund, the Sewer Operating fund, and the Swimming Pool fund. When the services are provided to other department 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 2011 compared to 2010 on a modified cash basis:

Village of Thornville
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

(Table 1A)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Cash and Cash Equivalents	\$824,430	\$670,764	\$838,464	\$778,084	\$1,662,894	\$1,448,848
Investments	74,607	72,788	0	0	74,607	72,788
Total Assets	\$899,037	\$743,552	\$838,464	\$778,084	\$1,737,501	\$1,521,636
Net Assets						
Restricted for:						
Permanent Fund Purpose						
Expendable	\$723	\$2,009			\$723	\$2,009
Nonexpendable	2,000	1,000			2,000	1,000
Other Purposes	465,262	429,031			465,262	429,031
Unrestricted	431,052	311,512	\$838,464	\$778,084	1,269,516	1,089,596
Total Net Assets	\$899,037	\$743,552	\$838,464	\$778,084	\$1,737,501	\$1,521,636

As mentioned previously, net assets of governmental activities increased \$155,485 or 21 percent. The primary reasons contributing to the increase in cash balances are as follows:

- Charges for services, consisting of storm sewer fees, increased \$94,283.
- Grants and entitlements not restricted to specific programs increased by \$50,074.

Village of Thornville
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Unaudited

Table 1B provides a summary of the Village's net assets for 2010 compared to 2009 on a modified cash basis:

(Table 1B)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Cash and Cash Equivalents	\$670,764	\$501,967	\$778,084	\$734,438	\$1,448,848	\$1,236,405
Investments	72,788	68,034	0	0	72,788	68,034
Total Assets	\$743,552	\$570,001	\$778,084	\$734,438	\$1,521,636	\$1,304,439
Net Assets						
Restricted for:						
Permanent Fund Purpose						
Expendable	\$2,009	\$1,978			\$2,009	\$1,978
Nonexpendable	1,000	1,000			1,000	1,000
Other Purposes	429,031	339,009			429,031	339,009
Unrestricted	311,512	228,014	\$778,084	\$734,438	1,089,596	962,452
Total Net Assets	\$743,552	\$570,001	\$778,084	\$734,438	\$1,521,636	\$1,304,439

As mentioned previously, net assets of governmental activities increased \$173,552 or 30 percent. The primary reasons contributing to the increase in cash balances are as follows:

- Grant and entitlements not restricted to specific programs increased by \$25,188.
- Operating grants and contributions increased by \$36,265.
- Disbursements decreased by \$25,638.

Village of Thornville
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Table 2A reflects the changes in net assets on a modified cash basis in 2011 and 2010 for governmental activities, business-type activities and total primary government.

(Table 2A)
Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$141,265	\$46,982	\$749,351	\$724,750	\$890,616	\$771,732
Operating Grants and Contributions	77,738	111,616			77,738	111,616
Total Program Receipts	219,003	158,598	749,351	724,750	968,354	883,348
General Receipts:						
Property and Other Local Taxes	133,480	143,808			133,480	143,808
Grants and Entitlements Not Restricted to Specific Programs	116,341	66,267			116,341	66,267
Interest	11,558	16,282			11,558	16,282
Cable Franchise Fee	10,038	9,871			10,038	9,871
Miscellaneous	10,820	4,133	1,769	1,518	12,589	5,651
Total General Receipts	282,237	240,361	1,769	1,518	284,006	241,879
Total Receipts	501,240	398,959	751,120	726,268	1,252,360	1,125,227
Disbursements:						
General Government	86,485	79,168			86,485	79,168
Security of Persons and Property:	71,075	52,687			71,075	52,687
Public Health Services	291				291	0
Leisure Time Activities	8,944	6,390			8,944	6,390
Community Environment	8,881	5,784			8,881	5,784
Basic Utilities	2,532	2,646			2,532	2,646
Transportation	68,334	68,872			68,334	68,872
Capital Outlay	94,282	7,817			94,282	7,817
Other	4,931	2,044			4,931	2,044
Water			171,174	186,769	171,174	186,769
Sewer			474,742	457,552	474,742	457,552
Swimming Pool			44,389	37,582	44,389	37,582
Thornhill Phase 2			435	720	435	720
Total Disbursements	345,755	225,408	690,740	682,623	1,036,495	908,031
Increase (Decrease) in Net Assets	155,485	173,551	60,380	43,645	215,865	217,196
Net Assets, January 1	743,552	570,001	778,084	734,439	1,521,636	1,304,440
Net Assets, December 31	\$899,037	\$743,552	\$838,464	\$778,084	\$1,737,501	\$1,521,636

Village of Thornville
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Table 2B reflects the changes in net assets on a modified cash basis in 2010 and 2009 for governmental activities, business-type activities and total primary government.

(Table 2B)
Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities	Activities	Activities	Activities	Activities	Activities
	2010	2009	2010	2009	2010	2009
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$46,982	\$57,878	\$724,750	\$673,126	\$771,732	\$731,004
Operating Grants and Contributions	111,616	75,351			111,616	75,351
Total Program Receipts	<u>158,598</u>	<u>133,229</u>	<u>724,750</u>	<u>673,126</u>	<u>883,348</u>	<u>806,355</u>
General Receipts:						
Property and Other Local Taxes	143,808	129,767			143,808	129,767
Grants and Entitlements Not Restricted to Specific Programs	66,267	41,079			66,267	41,079
Interest	16,282	25,841			16,282	25,841
Sale of Capital Assets	0	67,664			0	67,664
Cable Franchise Fee	9,871	9,039			9,871	9,039
Miscellaneous	4,133	17,386	1,518	12,024	5,651	29,410
Total General Receipts	<u>240,361</u>	<u>290,776</u>	<u>1,518</u>	<u>12,024</u>	<u>241,879</u>	<u>302,800</u>
Total Receipts	<u>398,959</u>	<u>424,005</u>	<u>726,268</u>	<u>685,150</u>	<u>1,125,227</u>	<u>1,109,155</u>
Disbursements:						
General Government	79,168	108,717			79,168	108,717
Security of Persons and Property:	52,687	63,903			52,687	63,903
Leisure Time Activities	6,390	10,714			6,390	10,714
Community Environment	5,784	5,883			5,784	5,883
Basic Utilities	2,646	3,432			2,646	3,432
Transportation	68,872	51,338			68,872	51,338
Capital Outlay	7,817				7,817	0
Other	2,044	7,059			2,044	7,059
Water			186,769	166,990	186,769	166,990
Sewer			457,552	408,582	457,552	408,582
Swimming Pool			37,582	48,046	37,582	48,046
Thornhill Phase 2			720	1,440	720	1,440
Total Disbursements	<u>225,408</u>	<u>251,046</u>	<u>682,623</u>	<u>625,058</u>	<u>908,031</u>	<u>876,104</u>
Increase (Decrease) in Net Assets	173,551	172,959	43,645	60,092	217,196	233,051
Net Assets, January 1	<u>570,001</u>	<u>397,042</u>	<u>734,439</u>	<u>674,346</u>	<u>1,304,440</u>	<u>1,071,388</u>
Net Assets, December 31	<u>\$743,552</u>	<u>\$570,001</u>	<u>\$778,084</u>	<u>\$734,438</u>	<u>\$1,521,636</u>	<u>\$1,304,439</u>

Program receipts represent 77 percent and 79 percent of total receipts for fiscal years 2011 and 2010, respectively, and are primarily comprised of water & sewer charges for services.

General receipts represent 23 percent and 21 percent of the Village's total receipts in 2011 and 2010, respectively. Property taxes consist of 47 percent and 59 percent of the general receipts for fiscal years 2011 and 2010, respectively. The remaining general receipts consist of grants and entitlements, earnings on investments, cable franchise fees, and miscellaneous receipts. Disbursements for General Government represent the overhead costs of running the Village and the support services provided for

Village of Thornville
Management's Discussion and Analysis
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Unaudited

the other Village activities. These include the costs of 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, 2011, the major program disbursements for governmental activities are for capital outlay which accounts for 27 percent, transportation which accounts for 20 percent and security of persons & property which account for 21 percent of all governmental disbursements. General government also represents a significant cost, about 25 percent. For the year ending December 31, 2010, the major program disbursements for governmental activities are for transportation which accounts for 31 percent and security of persons & property which account for 23 percent of all governmental disbursements. General government also represents a significant cost, about 35 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 is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
	General Government	\$86,485	(\$35,287)	\$79,168	\$54,995	\$108,717
Security of Persons and Property	71,075	70,995	52,687	52,387	63,903	63,903
Public Health Services	291	291	0	0	0	0
Leisure Time Activities	8,944	7,659	6,390	5,365	10,714	9,764
Community Environment	8,881	7,127	5,784	918	5,883	2,949
Basic Utilities	2,532	(14,357)	2,646	(14,272)	3,432	(13,702)
Transportation	68,334	(8,889)	68,872	(42,444)	51,338	(12,124)
Capital Outlay	94,282	94,282	7,817	7,817	0	0
Other	4,931	4,931	2,044	2,044	7,059	7,059
Total Expenses	\$345,755	\$126,752	\$225,408	\$66,810	\$251,046	\$117,817

The dependence upon property tax receipts is apparent, as 39 percent and 64 percent of governmental activities are supported through these general receipts for 2011 and 2010, respectively.

Business-type Activities

The water, sewer, & 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, 2011 and 2010
Unaudited

The Village's Funds

For the fiscal year ending 2011, total governmental funds had receipts of \$501,240 and disbursements and other financing uses of \$345,755. The greatest change within governmental funds occurred within the General Fund which reflected an increase in fund balance of \$119,539.

For the fiscal year ending 2010, total governmental funds had receipts of \$398,959 and disbursements and other financing uses of \$225,408. The greatest change within governmental funds occurred within the General Fund which reflected an increase in fund balance of \$83,500.

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 2011 and 2010, the Village amended its budget several times to reflect changing circumstances. For 2011, final budgeted receipts were budgeted at \$140,900 while actual receipts were \$249,564. For 2010, final budgeted receipts were budgeted at \$161,280 while actual receipts were \$179,465.

For 2011, final disbursements were budgeted at \$209,215 while actual disbursements were \$131,763. For 2010, final disbursements were budgeted at \$209,175 while actual disbursements were \$105,280. The result is the increase in budgetary fund balance of \$186,116 for 2011 and an increase in budgetary fund balance of \$122,080 for 2010.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2011, the Village's outstanding debt included \$1,833,090 in outstanding loans from the Ohio Water Development Authority issued for improvements to wastewater treatment plant. At December 31, 2010, the Village's outstanding debt included \$1,904,315 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 2011 was \$16,889 and for 2010 was \$16,918.

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.

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Village of Thornville
Perry County
Statement of Net Assets - Modified Cash Basis
December 31, 2011

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$824,430	\$838,464	\$1,662,894
Investments	74,607		74,607
<i>Total Assets</i>	\$899,037	\$838,464	\$1,737,501
Net Assets			
Restricted for:			
Permanent Fund Purpose			
Expendable	\$723		\$723
Nonexpendable	2,000		2,000
Other Purposes	465,262		465,262
Unrestricted	431,052	\$838,464	1,269,516
<i>Total Net Assets</i>	\$899,037	\$838,464	\$1,737,501

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, 2011

	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	\$86,485	\$121,772		\$35,287		\$35,287
Security of Persons and Property	71,075		\$80	(70,995)		(70,995)
Public Health Services	291			(291)		(291)
Leisure Time Activities	8,944	850	435	(7,659)		(7,659)
Community Environment	8,881	1,754		(7,127)		(7,127)
Basic Utility Services	2,532	16,889		14,357		14,357
Transportation	68,334		77,223	8,889		8,889
Capital Outlay	94,282			(94,282)		(94,282)
Other	4,931			(4,931)		(4,931)
<i>Total Governmental Activities</i>	<u>345,755</u>	<u>141,265</u>	<u>77,738</u>	<u>(126,752)</u>	<u>\$0</u>	<u>(126,752)</u>
Business Type Activities						
Water	171,174	197,295			26,121	26,121
Sewer	474,742	511,366			36,624	36,624
Swimming Pool	44,389	40,690			(3,699)	(3,699)
Thornhill Phase II	435				(435)	(435)
<i>Total Business Type Activities</i>	<u>690,740</u>	<u>749,351</u>	<u>0</u>	<u>0</u>	<u>58,611</u>	<u>58,611</u>
Total	<u>\$1,036,495</u>	<u>\$890,616</u>	<u>\$77,738</u>	<u>(126,752)</u>	<u>58,611</u>	<u>(68,141)</u>
General Receipts						
Property Taxes Levied for:						
General Purposes				127,815		127,815
Other Purposes				5,665		5,665
Cable Franchise Fees				10,038		10,038
Grants and Entitlements not Restricted to Specific Programs				116,341		116,341
Earnings on Investments				11,558		11,558
Miscellaneous				10,820	1,769	12,589
<i>Total General Receipts</i>				<u>282,237</u>	<u>1,769</u>	<u>284,006</u>
Change in Net Assets				155,485	60,380	215,865
<i>Net Assets Beginning of Year</i>				<u>743,552</u>	<u>778,084</u>	<u>1,521,636</u>
<i>Net Assets End of Year</i>				<u>\$899,037</u>	<u>\$838,464</u>	<u>\$1,737,501</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2011

	General	Street Construction, Maintenance, and Repair Fund	Police Levy Fund	Letherman Fund	OPWC Grant Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$431,052	\$130,210	\$44,081	\$91,792		\$127,295	\$824,430
Investments				74,607			74,607
<i>Total Assets</i>	<u>\$431,052</u>	<u>\$130,210</u>	<u>\$44,081</u>	<u>\$166,399</u>	<u>\$0</u>	<u>\$127,295</u>	<u>\$899,037</u>
Fund Balances							
Nonspendable						\$2,000	\$2,000
Restricted		\$130,210	\$44,081	\$166,399		125,295	465,985
Unassigned (Deficit)	\$431,052						431,052
<i>Total Fund Balances</i>	<u>\$431,052</u>	<u>\$130,210</u>	<u>\$44,081</u>	<u>\$166,399</u>	<u>\$0</u>	<u>\$127,295</u>	<u>\$899,037</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2011

	General	Street Construction, Maintenance, and Repair Fund	Police Levy Fund	Letherman Fund	OPWC Grant Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$77,583		\$42,395			\$13,502	\$133,480
Charges for Services						17,739	17,739
Fines, Licenses and Permits	132,934					630	133,564
Intergovernmental	25,199	\$71,431	10,737		\$55,715	30,997	194,079
Earnings on Investments	4,138	335		\$6,967		118	11,558
Miscellaneous	9,710		675			435	10,820
<i>Total Receipts</i>	<u>249,564</u>	<u>71,766</u>	<u>53,807</u>	<u>6,967</u>	<u>55,715</u>	<u>63,421</u>	<u>501,240</u>
Disbursements							
Current:							
General Government	86,050					435	86,485
Security of Persons and Property	29,378		39,357			2,340	71,075
Public Health Services						291	291
Leisure Time Activities						8,944	8,944
Community Environment	8,881						8,881
Basic Utility Services						2,532	2,532
Transportation	5,716	54,815				7,803	68,334
Capital Outlay			15,000		55,715	23,567	94,282
<i>Total Disbursements</i>	<u>130,025</u>	<u>54,815</u>	<u>54,357</u>	<u>0</u>	<u>55,715</u>	<u>45,912</u>	<u>340,824</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>119,539</u>	<u>16,951</u>	<u>(550)</u>	<u>6,967</u>	<u>0</u>	<u>17,509</u>	<u>160,416</u>
Other Financing Sources (Uses)							
Other Financing Uses				(4,931)			(4,931)
<i>Net Change in Fund Balances</i>	119,539	16,951	(550)	2,036	0	17,509	155,485
<i>Fund Balances Beginning of Year</i>	<u>311,513</u>	<u>113,259</u>	<u>44,631</u>	<u>164,363</u>	<u>0</u>	<u>109,786</u>	<u>743,552</u>
<i>Fund Balances End of Year</i>	<u>\$431,052</u>	<u>\$130,210</u>	<u>\$44,081</u>	<u>\$166,399</u>	<u>\$0</u>	<u>\$127,295</u>	<u>\$899,037</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$79,000	\$79,000	\$77,583	(\$1,417)
Fines, Licenses and Permits	33,500	33,500	132,934	99,434
Intergovernmental	23,400	23,400	25,199	1,799
Earnings on Investments	5,000	5,000	4,138	(862)
Miscellaneous			9,710	9,710
<i>Total Receipts</i>	140,900	140,900	249,564	108,664
Disbursements				
Current:				
General Government	144,635	144,635	87,788	56,847
Security of Persons and Property	40,300	40,300	29,378	10,922
Public Health Services				0
Leisure Time Activities				0
Community Environment	14,280	14,280	8,881	5,399
Basic Utility Services				0
Transportation	10,000	10,000	5,716	4,284
<i>Total Disbursements</i>	209,215	209,215	131,763	77,452
<i>Net Change in Fund Balance</i>	(68,315)	(68,315)	117,801	186,116
<i>Fund Balance Beginning of Year</i>	302,198	302,198	302,198	0
Prior Year Encumbrances Appropriated	9,315	9,315	9,315	0
<i>Fund Balance End of Year</i>	\$243,198	\$243,198	\$429,314	\$186,116

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, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$62,000	\$62,000	\$71,431	\$9,431
Earnings on Investments	350	350	335	(15)
<i>Total Receipts</i>	<u>62,350</u>	<u>62,350</u>	<u>71,766</u>	<u>9,416</u>
Disbursements				
Current:				
Transportation	81,866	81,866	56,585	25,281
<i>Total Disbursements</i>	<u>81,866</u>	<u>81,866</u>	<u>56,585</u>	<u>25,281</u>
<i>Net Change in Fund Balance</i>	(19,516)	(19,516)	15,181	34,697
<i>Fund Balance Beginning of Year</i>	109,968	109,968	109,968	0
Prior Year Encumbrances Appropriated	3,291	3,291	3,291	0
<i>Fund Balance End of Year</i>	<u>\$93,743</u>	<u>\$93,743</u>	<u>\$128,440</u>	<u>\$34,697</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$47,000	\$47,000	\$42,395	(\$4,605)
Intergovernmental	5,800	5,800	10,737	4,937
Miscellaneous			675	675
<i>Total Receipts</i>	52,800	52,800	53,807	1,007
Disbursements				
Current:				
Security of Persons and Property	56,542	56,542	40,667	15,875
Capital Outlay	15,000	15,000	15,000	0
<i>Total Disbursements</i>	71,542	71,542	55,667	15,875
<i>Net Change in Fund Balance</i>	(18,742)	(18,742)	(1,860)	16,882
<i>Fund Balance Beginning of Year</i>	44,495	44,495	44,495	0
Prior Year Encumbrances Appropriated	136	136	136	0
<i>Fund Balance End of Year</i>	\$25,889	\$25,889	\$42,771	\$16,882

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Earnings on Investments	\$5,000	\$5,000	\$6,967	\$1,967
<i>Total Receipts</i>	<u>5,000</u>	<u>5,000</u>	<u>6,967</u>	<u>1,967</u>
Disbursements				
Current:				
General Government	9,200	9,200	0	9,200
<i>Total Disbursements</i>	<u>9,200</u>	<u>9,200</u>	<u>0</u>	<u>9,200</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,200)</u>	<u>(4,200)</u>	<u>6,967</u>	<u>11,167</u>
Other Financing Sources (Uses)				
Other Financing Uses	(15,000)	(15,000)	(4,931)	10,069
<i>Total Other Financing Sources (Uses)</i>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(4,931)</u>	<u>10,069</u>
<i>Net Change in Fund Balance</i>	(19,200)	(19,200)	2,036	21,236
<i>Fund Balance Beginning of Year</i>	164,363	164,363	164,363	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$145,163</u>	<u>\$145,163</u>	<u>\$166,399</u>	<u>\$21,236</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, 2011

	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	\$498,534	\$312,667	\$27,263	\$838,464
<i>Total Assets</i>	<u>\$498,534</u>	<u>\$312,667</u>	<u>\$27,263</u>	<u>\$838,464</u>
Net Assets				
Unrestricted	\$498,534	\$312,667	\$27,263	\$838,464
	<u>\$498,534</u>	<u>\$312,667</u>	<u>\$27,263</u>	<u>\$838,464</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Receipts, Disbursements
and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities			
	Major Water Operating Fund	Major Sewer Operating Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$197,242	\$511,100	\$40,690	\$749,032
Other Operating Receipts	436	925	18	1,379
<i>Total Operating Receipts</i>	<u>197,678</u>	<u>512,025</u>	<u>40,708</u>	<u>750,411</u>
Operating Disbursements				
Personal Services	80,293	81,422	19,125	180,840
Fringe Benefits	26,945	30,791	3,095	60,831
Contractual Services	29,146	87,638	5,731	122,515
Materials and Supplies	34,121	74,454	16,873	125,448
Other	669	781		1,450
<i>Total Operating Disbursements</i>	<u>171,174</u>	<u>275,086</u>	<u>44,824</u>	<u>491,084</u>
<i>Operating Income (Loss)</i>	<u>26,504</u>	<u>236,939</u>	<u>(4,116)</u>	<u>259,327</u>
Non-Operating Receipts (Disbursements)				
Miscellaneous	12	12	366	390
Special Assessments	53	266		319
Capital Outlay		(7,865)		(7,865)
Principal Payments		(71,225)		(71,225)
Interest and Fiscal Charges		(120,566)		(120,566)
<i>Total Other Financing Sources (Uses)</i>	<u>65</u>	<u>(199,378)</u>	<u>366</u>	<u>(198,947)</u>
<i>Change in Net Assets</i>	26,569	37,561	(3,750)	60,380
<i>Net Assets Beginning of Year</i>	<u>471,965</u>	<u>275,106</u>	<u>31,013</u>	<u>778,084</u>
<i>Net Assets End of Year</i>	<u>\$498,534</u>	<u>\$312,667</u>	<u>\$27,263</u>	<u>\$838,464</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, 2011

	<u>Agency</u>
Assets	
Cash and Cash Equivalents in Segregated Accounts	<u>\$1,189</u>
Net Assets	
Unrestricted	<u>\$1,189</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Net Assets - Modified Cash Basis
December 31, 2010

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$670,764	\$778,084	\$1,448,848
Investments	72,788		72,788
<i>Total Assets</i>	\$743,552	\$778,084	\$1,521,636
Net Assets			
Restricted for:			
Permanent Fund Purpose			
Expendable	\$2,009		\$2,009
Nonexpendable	1,000		1,000
Other Purposes	429,031		429,031
Unrestricted	311,512	\$778,084	1,089,596
<i>Total Net Assets</i>	\$743,552	\$778,084	\$1,521,636

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, 2010

	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	\$79,168	\$24,173		(\$54,995)		(\$54,995)
Security of Persons and Property	52,687		\$300	(52,387)		(52,387)
Leisure Time Activities	6,390	1,025		(5,365)		(5,365)
Community Environment	5,784	4,866		(918)		(918)
Basic Utility Services	2,646	16,918		14,272		14,272
Transportation	68,872		111,316	42,444		42,444
Capital Outlay	7,817			(7,817)		(7,817)
Other	2,044			(2,044)		(2,044)
<i>Total Governmental Activities</i>	<u>225,408</u>	<u>46,982</u>	<u>111,616</u>	<u>(66,810)</u>	<u>\$0</u>	<u>(66,810)</u>
Business Type Activities						
Water	186,769	197,201			10,432	10,432
Sewer	457,552	495,543			37,991	37,991
Swimming Pool	37,582	32,006			(5,576)	(5,576)
Thornhill Phase II	720				(720)	(720)
<i>Total Business Type Activities</i>	<u>682,623</u>	<u>724,750</u>	<u>0</u>	<u>0</u>	<u>42,127</u>	<u>42,127</u>
Total	<u>\$908,031</u>	<u>\$771,732</u>	<u>\$111,616</u>	<u>(66,810)</u>	<u>42,127</u>	<u>(24,683)</u>
General Receipts						
Property Taxes Levied for:						
General Purposes				136,563		136,563
Other Purposes				7,245		7,245
Cable Franchise Fees				9,871		9,871
Grants and Entitlements not Restricted to Specific Programs				66,267		66,267
Earnings on Investments				16,282		16,282
Miscellaneous				4,133	1,518	5,651
<i>Total General Receipts</i>				<u>240,361</u>	<u>1,518</u>	<u>241,879</u>
Change in Net Assets				173,551	43,645	217,196
<i>Net Assets Beginning of Year</i>				<u>570,001</u>	<u>734,439</u>	<u>1,304,440</u>
<i>Net Assets End of Year</i>				<u>\$743,552</u>	<u>\$778,084</u>	<u>\$1,521,636</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2010

	General	Street Construction, Maintenance, and Repair Fund	Letherman Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$311,513	\$113,259	\$91,575	\$154,417	\$670,764
Investments			72,788		72,788
Total Assets	\$311,513	\$113,259	\$164,363	\$154,417	\$743,552
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$9,315	\$3,291		\$529	\$13,135
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	302,198				302,198
Special Revenue Funds		109,968	\$164,363	150,879	425,210
Permanent Fund				3,009	3,009
Total Fund Balances	\$311,513	\$113,259	\$164,363	\$154,417	\$743,552

See accompanying notes to the basic financial statements

**Village of Thornville
Perry County**

Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis

Governmental Funds

For the Year Ended December 31, 2010

	General	Street Construction, Maintenance, and Repair Fund	Letherman Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$81,090			\$62,718	\$143,808
Charges for Services				17,943	17,943
Fines, Licenses and Permits	38,008			902	38,910
Intergovernmental	51,165	\$102,967		23,751	177,883
Earnings on Investments	5,546	388	\$10,181	167	16,282
Miscellaneous	3,656			477	4,133
<i>Total Receipts</i>	<u>179,465</u>	<u>103,355</u>	<u>10,181</u>	<u>105,958</u>	<u>398,959</u>
Disbursements					
Current:					
General Government	78,809			359	79,168
Security of Persons and Property	11,372			41,315	52,687
Leisure Time Activities				6,390	6,390
Community Environment	5,784				5,784
Basic Utility Services				2,646	2,646
Capital Outlay				7,817	7,817
Transportation		64,657		4,215	68,872
<i>Total Disbursements</i>	<u>95,965</u>	<u>64,657</u>	<u>0</u>	<u>62,742</u>	<u>223,364</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>83,500</u>	<u>38,698</u>	<u>10,181</u>	<u>43,216</u>	<u>175,595</u>
Other Financing Sources (Uses)					
Other Financing Uses			(2,044)		(2,044)
<i>Net Change in Fund Balances</i>	83,500	38,698	8,137	43,216	173,551
<i>Fund Balances Beginning of Year</i>	<u>228,013</u>	<u>74,561</u>	<u>156,226</u>	<u>111,201</u>	<u>570,001</u>
<i>Fund Balances End of Year</i>	<u>\$311,513</u>	<u>\$113,259</u>	<u>\$164,363</u>	<u>\$154,417</u>	<u>\$743,552</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$75,000	\$75,000	\$81,090	\$6,090
Fines, Licenses and Permits	55,550	55,550	38,008	(17,542)
Intergovernmental	20,730	20,730	51,165	30,435
Earnings on Investments	10,000	10,000	5,546	(4,454)
Miscellaneous			3,656	3,656
<i>Total Receipts</i>	161,280	161,280	179,465	18,185
Disbursements				
Current:				
General Government	169,645	169,645	88,124	81,521
Security of Persons and Property	16,700	16,700	11,372	5,328
Community Environment	12,830	12,830	5,784	7,046
Transportation	10,000	10,000		10,000
<i>Total Disbursements</i>	209,175	209,175	105,280	103,895
<i>Net Change in Fund Balance</i>	(47,895)	(47,895)	74,185	122,080
<i>Fund Balance Beginning of Year</i>	216,298	216,298	216,298	0
Prior Year Encumbrances Appropriated	11,715	11,715	11,715	0
<i>Fund Balance End of Year</i>	\$180,118	\$180,118	\$302,198	\$122,080

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, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Intergovernmental	\$60,000	\$60,000	\$102,967	\$42,967
Earnings on Investments	1,000	1,000	388	(612)
<i>Total Receipts</i>	<u>61,000</u>	<u>61,000</u>	<u>103,355</u>	<u>42,355</u>
Disbursements				
Current:				
Transportation	95,922	95,922	67,948	27,974
<i>Total Disbursements</i>	<u>95,922</u>	<u>95,922</u>	<u>67,948</u>	<u>27,974</u>
<i>Net Change in Fund Balance</i>	(34,922)	(34,922)	35,407	70,329
<i>Fund Balance Beginning of Year</i>	72,727	72,727	72,727	0
Prior Year Encumbrances Appropriated	1,834	1,834	1,834	0
<i>Fund Balance End of Year</i>	<u>\$39,639</u>	<u>\$39,639</u>	<u>\$109,968</u>	<u>\$70,329</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Earnings on Investments	\$ 500	\$ 500	\$ 10,181	\$ 9,681
<i>Total Receipts</i>	<u>500</u>	<u>500</u>	<u>10,181</u>	<u>9,681</u>
Disbursements				
Current:				
General Government	9,200	9,200	0	9,200
<i>Total Disbursements</i>	<u>9,200</u>	<u>9,200</u>	<u>0</u>	<u>9,200</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,700)	(8,700)	10,181	18,881
Other Financing Sources (Uses)				
Other Financing Uses	(15,000)	(15,000)	(2,044)	12,956
<i>Total Other Financing Sources (Uses)</i>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(2,044)</u>	<u>12,956</u>
<i>Net Change in Fund Balance</i>	(23,700)	(23,700)	8,137	31,837
<i>Fund Balance Beginning of Year</i>	156,226	156,226	156,226	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$132,526</u>	<u>\$132,526</u>	<u>\$164,363</u>	<u>\$31,837</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, 2010

	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	\$471,965	\$275,106	\$31,013	\$778,084
<i>Total Assets</i>	<u>\$471,965</u>	<u>\$275,106</u>	<u>\$31,013</u>	<u>\$778,084</u>
Net Assets				
Unrestricted	<u>\$471,965</u>	<u>\$275,106</u>	<u>\$31,013</u>	<u>\$778,084</u>

See accompanying notes to the basic financial statements

Village of Thornville
Perry County
Statement of Receipts, Disbursements
and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities			
	Major Water Operating Fund	Major Sewer Operating Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$197,201	\$495,543	\$32,006	\$724,750
Other Operating Receipts	436		118	554
<i>Total Operating Receipts</i>	<u>197,637</u>	<u>495,543</u>	<u>32,124</u>	<u>725,304</u>
Operating Disbursements				
Personal Services	69,381	69,672	16,767	155,820
Fringe Benefits	23,262	23,114	2,799	49,175
Contractual Services	64,672	106,609	5,140	176,421
Materials and Supplies	29,454	66,366	13,596	109,416
<i>Total Operating Disbursements</i>	<u>186,769</u>	<u>265,761</u>	<u>38,302</u>	<u>490,832</u>
<i>Operating Income (Loss)</i>	<u>10,868</u>	<u>229,782</u>	<u>(6,178)</u>	<u>234,472</u>
Non-Operating Receipts (Disbursements)				
Miscellaneous Receipts	441	416	106	963
Principal Payments		(66,883)		(66,883)
Interest and Fiscal Charges		(124,908)		(124,908)
<i>Total Other Financing Sources (Uses)</i>	<u>441</u>	<u>(191,375)</u>	<u>106</u>	<u>(190,828)</u>
<i>Change in Net Assets</i>	11,309	38,407	(6,072)	43,644
<i>Net Assets Beginning of Year</i>	<u>460,656</u>	<u>236,699</u>	<u>37,085</u>	<u>734,440</u>
<i>Net Assets End of Year</i>	<u>\$471,965</u>	<u>\$275,106</u>	<u>\$31,013</u>	<u>\$778,084</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, 2010

	<u>Agency</u>
Assets	
Cash and Cash Equivalents in Segregated Accounts	<u>\$753</u>
Net Assets	
Unrestricted	<u>\$753</u>

See accompanying notes to the basic financial statements

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Note 1 – Reporting Entity

The Village of Thornville, Perry County, Ohio, 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 does not participate in any jointly governed organizations and/or public entity risk pools.

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

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.

Note 2 – Summary of Significant Accounting Policies (continued)

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

Note 2 – Summary of Significant Accounting Policies (continued)

The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate 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. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

2. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Note 2 – Summary of Significant Accounting Policies (continued)

3. Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

4. Assigned

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. 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. 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's 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.

Note 2 – Summary of Significant Accounting Policies (continued)

During 2011 and 2010, the Village invested in certificates of deposit, which were purchased by a specific fund. In addition, the Village held mutual funds which were bequeathed to the Village from the Letherman estate during 2001.

Interest earnings are allocated to the Village fund according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2011 were \$4,138, which includes \$3,111 assigned from other Village funds. Interest receipts credited to the General Fund during 2010 were \$5,546, which includes \$4,411 assigned from other Village funds.

G. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

H. 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.

I. 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.

J. 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.

K. 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.

L. 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

M. 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.

Note 2 – Summary of Significant Accounting Policies (continued)

N. 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, State Highway, Parks & Recreation, Mayor's Court Computer, Police Levy, Leatherman, & Police Safety.

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.

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 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Street Construction, Maintenance, and Repair Fund, Policy Levy 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*).

There were no outstanding advances at year end.

Note 4 – Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained 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 savings or deposit accounts including, but not limited to, passbook accounts.

Note 4 – Deposits and Investments (continued)

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (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, 2011 \$1,439,473 of the Village's bank balance of \$1,689,473 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, 2010 \$1,207,887 of the Village's bank balance of \$1,457,887 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.

Village of Thornville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011 and 2010

Note 4 – Deposits and Investments (continued)

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, 2011, the Village had the following investments:

	<u>Carrying Value</u>
Certificate of Deposit	\$1,000
JP Morgan Equity Mutual Funds	<u>\$74,607</u>
Total Investment Balance	<u><u>\$75,607</u></u>

As of December 31, 2010, the Village had the following investments:

	<u>Carrying Value</u>
Certificate of Deposit	\$1,000
JP Morgan Equity Mutual Funds	<u>\$72,788</u>
Total Investment Balance	<u><u>\$73,788</u></u>

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 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."

Village of Thornville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011 and 2010

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2011 represent the collection of 2010 taxes. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of 2010 taxes. Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2011 became a lien on December 31, 2010, were levied after October 1, 2010, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, were levied after October 1, 2009, 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 2011 (other than public utility property) represent the collection of 2010 taxes. Tangible personal property tax receipts received in 2010 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2011 were levied after October 1, 2010, on the true value as of December 31, 2010. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. 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 6 – 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. During 2011, the Village contracted with Selective Insurance for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Selective Insurance Company	Property	\$7,019,860
	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	

Village of Thornville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011 and 2010

Note 6 – Risk Management (continued)

Equipment	65,000
Umbrella	3,000,000

During 2010, the Village contracted with Selective Insurance for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Selective Insurance Company	Property	\$6,808,214
	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 7 – Defined Benefit Pension Plans

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 Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Note 7 – Defined Benefit Pension Plans (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy 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 Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2011 and 2010, members in state and local classifications contributed 10 percent of covered payroll.

The Village's contribution rate for 2011 and 2010 was 14 percent of covered payroll. For the period January 1 through February 28, 2010, a portion of the Village's contribution equal to 5.5 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period March 1 through December 31, 2010 this amount was decreased to 5 percent. For 2011, a portion of the Village's contribution equal to 5 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 to the traditional and combined plans for the year ended December 31, 2011, 2010 and 2009 were \$20,044, \$17,767 and \$15,952. The full amount has been contributed for 2011, 2010 and 2009.

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 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 OP&F, 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 2011 and 2010. Contribution rates are established by State statute. The Village's required contributions for pension obligations to for the year ended December 31, 2011, 2010 and 2009 were \$3,567, \$2,976 and \$3,514. The full amount has been contributed for 2011, 2010 and 2009.

Note 8 – Postemployment Benefits

A. Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

Note 8 – Postemployment Benefits (continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care 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 health care 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 post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011 and 2010, state and local employers contributed at a rate of 14.0 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 of post-employment health care benefits. The portion of employer contributions allocated to healthcare was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree 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 post-employment health care plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009, were \$11,136, \$10,050, and \$11,308, respectively. The full amount has been contributed for 2011, 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases 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 health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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 health care 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 Year Ended December 31, 2011 and 2010

Note 8 – 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 – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code 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 and fire employers.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011 and 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care 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.

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police for the years ended December 31, 2011, 2010 and 2009 were \$1,888, \$1,575 and \$1,860 respectively.

Note 9 – Debt

The Village's long-term debt activity for the year ended December 31, 2011, was as follows:

	Interest Rate	Balance 12/31/10	Additions	Reductions	Balance 12/31/11	Due Within One Year
<u>Business-type Activities</u>						
2002 OWDA Loan 3313	6.39%	\$1,904,315	\$	\$71,225	\$1,833,090	\$75,849

The Village's long-term debt activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance 12/31/09	Additions	Reductions	Balance 12/31/10	Due Within One Year
<u>Business-type Activities</u>						
2002 OWDA Loan 3313	6.39%	\$1,971,198	\$	\$66,883	\$1,904,315	\$71,225

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 Year Ended December 31, 2011 and 2010

Note 9 – Debt (continued)

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

Year Ended December 31	OWDA Loans	
	Principal	Interest
2012	\$75,849	\$115,942
2013	80,774	111,018
2014	86,017	105,774
2015	91,602	100,189
2016-2021	688,917	461,827
2022-2027	809,931	149,028
Totals	\$1,833,090	\$1,043,778

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below for 2011:

Fund Balances	General Fund	Street, Construction, Maintenance & Repair Fund	Police Levy Fund	Letherman Fund	Other Governmental Funds	Total
Nonspendable						
Cemetery Bequest					\$2,000	\$2,000
<i>Total Nonspendable</i>	\$0	\$0	\$0	\$0	2,000	2,000
Restricted for						
Road Improvements		128,440				128,440
Investments				166,399		166,399
Police Levy			42,771			42,771
Other Purposes					117,769	117,769
Encumbrances		1,770	1,310		7,526	10,606
<i>Total Restricted</i>	0	130,210	44,081	166,399	125,295	465,985
Unassigned (deficits):	431,052					431,052
<i>Total Fund Balances</i>	\$431,052	\$130,210	\$44,081	\$166,399	\$127,295	\$899,037

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Dave Yost • 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, 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, 2011 and 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 2, 2012, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles and adopted GASB Statement No. 54. We also noted 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(A) mandates 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 opinions 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 2, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

August 2, 2012

**VILLAGE OF THORNVILLE
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code Section 5705.40 was cited as 2008 appropriations for the Letherman Fund recorded in the Village's accounting system did not agree with those adopted by Village Council.	Yes	

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Dave Yost • 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
AUGUST 16, 2012