



Mary Taylor, CPA  
Auditor of State



**VILLAGE OF THORNVILLE  
PERRY COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Thornville, Perry County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, 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.

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

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

We were unable to gain the necessary assurances over management's financial statement assertions for Charges for Services, Other Operating Receipts and Miscellaneous receipts recorded in the business-type activities, Major Water Operating Fund, Major Sewer Operating Fund, and the aggregate remaining fund information for the years ended December 31, 2007 and 2006. These receipts represent 100 percent of receipts recorded in the business-type activities, Major Water Operating Fund, and Major Sewer Operating Fund and 65 percent of receipts recorded in the aggregate remaining fund information for the year ended December 31, 2007. These receipts represent 100 percent of receipts recorded in the business-type activities, Major Water Operating Fund, and Major Sewer Operating Fund and 52 percent of receipts recorded in the aggregate remaining fund information for the year ended December 31, 2006.

Sufficient competent evidential matter was not available in order to perform those audit procedures necessary to obtain sufficient assurances concerning these receipts. It was not practical to perform alternative procedures.

Also, as more fully disclosed in Note 14, we were unable to gain the necessary assurances over the proper classification of the Village's Letherman Fund for the years ended December 31, 2007 and 2006. This fund represents 100 percent of the amounts presented in the accompanying financial statements for the Major Letherman Fund. In addition, this fund represents 30, two, and two percent of the assets, receipts, and disbursements, respectively, of the governmental activities for the year ended December 31, 2007. This fund represents 43, two, and one percent of the assets, receipts, and disbursements, respectively, of the governmental activities for the year ended December 31, 2006.

In our opinion, except for such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient competent evidential matter to support the receipts discussed in the second preceding paragraph, and except for the effects of being unable to gain the necessary assurances over the proper classification of the Major Letherman Fund, 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, 2007 and 2006, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Street Construction, Maintenance, and Repair, Policy Levy, and Letherman funds for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2007 and 2006, the Village revised its financial statement presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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



**Mary Taylor, CPA**  
Auditor of State

December 11, 2008



Village of Thornville  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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This discussion and analysis of the Village of Thornville's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2007 and 2006, 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 2007 are as follows:

Net assets of governmental activities increased \$102,895 or 46 percent, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents was the General Fund and Police Levy Fund.

The Village's general receipts consist primarily of property taxes. These receipts represent 54 percent of the general receipts received for governmental activities during the year. Property tax receipts increased \$12,061 compared to 2006.

The Policy Levy Fund increased \$31,857 from 2006 resulting in a positive balance of \$17,280.

Net assets of business-type activities increased \$86,184 from the prior year. Receipts of the business-type activities consist primarily of water, sewer, and swimming pool receipts. The majority of this increase occurred within the Village's Sewer Enterprise Funds, where income before transfers was \$75,937.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$67,829 or 44 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund and the new Police & Fire Safety Fund.

The Village's general receipts consist primarily of property taxes. These receipts represent 57 percent of the general receipts received for governmental activities during the year. Property tax receipts for 2006 increased approximately \$2,600 compared to 2005.

Net assets of business-type activities increased \$61,061 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 \$47,887 while the Major Sewer Operating Fund increased \$10,799. All other business-type activities broke even for the year, with only slight changes from previous years.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

### **Basis of Accounting**

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

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

### **Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2007, 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 and streets. Property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Business-type activities.** The Village has the following business-type activities: water, sewer, and a pool. Business-type activities are financed by a fee charged to the customers receiving the service.

Village of Thornville  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
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**Reporting the Village's Most Significant Funds**

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

**Governmental Funds** – Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, the Street Construction, Maintenance, and Repair Fund, the Police Levy Fund, and the Letherman Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Proprietary Funds** – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's enterprise funds are the water operating fund, the sewer operating fund, and the swimming pool fund. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village has no internal service funds.

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

**The Village as a Whole**

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

(Table 1A)  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
<b>Assets</b>						
Cash and Cash Equivalents	\$154,908	\$254,370	\$171,373	\$464,624	\$326,281	\$718,994
Investments	67,629	71,062	320,307	113,240	387,936	184,302
<b>Total Assets</b>	<b>\$222,537</b>	<b>\$325,432</b>	<b>\$491,680</b>	<b>\$577,864</b>	<b>\$714,217</b>	<b>\$903,296</b>
<b>Net Assets</b>						
Restricted for:						
Permanent Fund	\$2,723	\$2,868			\$2,723	\$2,868
Other Purposes	194,574	222,289			194,574	222,289
Unrestricted	25,240	100,275	\$491,680	\$577,864	516,920	678,139
<b>Total Net Assets</b>	<b>\$222,537</b>	<b>\$325,432</b>	<b>\$491,680</b>	<b>\$577,864</b>	<b>\$714,217</b>	<b>\$903,296</b>

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As mentioned previously, net assets of governmental activities increased \$102,895 or 46 percent. The primary reasons contributing to the increases in cash balances are as follows:

- Property taxes increased by \$12,061.
- Disbursements decreased by \$14,004.
- Grants and entitlements increased by \$17,449.
- Earnings on investments increased by \$14,551.

Table 1B provides a summary of the Village's net assets for 2006 compared to 2005 on a modified cash basis:

(Table 1B)  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Cash and Cash Equivalents	\$154,908	\$154,708	\$171,373	\$430,620	\$326,281	\$585,328
Investments	67,629		320,307		387,936	
<b>Total Assets</b>	<b>\$222,537</b>	<b>\$154,708</b>	<b>\$491,680</b>	<b>\$430,620</b>	<b>\$714,217</b>	<b>\$585,328</b>
<b>Net Assets</b>						
Restricted for:						
Permanent Fund	\$2,723				\$2,723	
Other Purposes	194,574	\$113,566			194,574	\$113,566
Unrestricted	25,240	41,142	\$491,680	\$430,620	516,920	471,762
<b>Total Net Assets</b>	<b>\$222,537</b>	<b>\$154,708</b>	<b>\$491,680</b>	<b>\$430,620</b>	<b>\$714,217</b>	<b>\$585,328</b>

As mentioned previously, net assets of governmental activities increased \$67,829 or 44 percent. The primary reason contributing to the increases in cash balances was a decrease in disbursements of \$14,243 from the previous year.

Village of Thornville  
Management's Discussion and Analysis  
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Table 2 reflects the changes in net assets on a modified cash basis in 2007 and 2006 for governmental activities, business-type activities and total primary government.

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$30,376	\$14,967	\$539,856	\$648,155	\$570,232	\$663,122
Operating Grants and Contributions	75,556	81,179			75,556	81,179
Total Program Receipts	<u>105,932</u>	<u>96,146</u>	<u>539,856</u>	<u>648,155</u>	<u>645,788</u>	<u>744,301</u>
General Receipts:						
Property and Other Local Taxes	110,291	122,352			110,291	122,352
Grants and Entitlements Not Restricted to Specific Programs	21,032	38,481			21,032	38,481
Earnings on investments	26,707	41,258			26,707	41,258
Cable Franchise Fee	8,764	8,082			8,764	8,082
Miscellaneous	27,536	15,005	15,033	4,321	42,569	19,326
Total General Receipts	<u>194,330</u>	<u>225,178</u>	<u>15,033</u>	<u>4,321</u>	<u>209,363</u>	<u>229,499</u>
Total Receipts	<u>300,262</u>	<u>321,324</u>	<u>554,889</u>	<u>652,476</u>	<u>855,151</u>	<u>973,800</u>
Disbursements:						
General Government	91,613	79,354			91,613	79,354
Security of Persons and Property:	60,109	40,200			60,109	40,200
Leisure Time Activities	1,820	7,932			1,820	7,932
Community Environment	7,780	3,135			7,780	3,135
Transportation	70,646	87,808			70,646	87,808
Other	465				465	0
Water			99,357	182,949	99,357	182,949
Sewer			328,382	345,028	328,382	345,028
Swimming Pool			47,662	37,900	47,662	37,900
Other			18,427	415	18,427	415
Total Disbursements	<u>232,433</u>	<u>218,429</u>	<u>493,828</u>	<u>566,292</u>	<u>726,261</u>	<u>784,721</u>
Increase (Decrease) in Net Assets	67,829	102,895	61,061	86,184	128,890	189,079
Net Assets, January 1	154,708	222,537	430,619	491,680	585,327	714,217
Net Assets, December 31	<u>\$222,537</u>	<u>\$325,432</u>	<u>\$491,680</u>	<u>\$577,864</u>	<u>\$714,217</u>	<u>\$903,296</u>

Program receipts represents 76 percent of total receipts for fiscal years 2007 and 2006 and are primarily comprised of water and sewer charges for services.

General receipts represent 24 percent of the Village's total receipts. Property taxes consist of 54% and 57% of general receipts for fiscal years 2007 and 2006, respectively. The remaining general receipts consist of grants and entitlements, earnings on investments, cable franchise fees, and miscellaneous receipts.

Village of Thornville  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of the Village Council as well as internal services such as payroll and purchasing.

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

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. For the year ending December 31, 2007, the major program disbursements for governmental activities are for transportation which accounts for 40 percent of all governmental disbursements. General government also represents a significant cost of approximately 36 percent. For the year ending December 31, 2006, the major program disbursements for governmental activities are for transportation and security of persons and property, which account for 30 and 25 percent of all governmental disbursements, respectively. General government also represents a significant cost of approximately 39 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$91,613	\$66,371	\$79,354	\$66,297
Security of Persons and Property	60,109	60,109	40,200	40,200
Leisure Time Activities	1,820	770	7,932	6,957
Community Environment	7,780	6,496	3,135	2,200
Basic Utilities		(2,800)		
Transportation	70,646	(4,910)	87,808	6,629
Interest and Fiscal Charges	465	465		
<b>Total Expenses</b>	<b>\$232,433</b>	<b>\$126,501</b>	<b>\$218,429</b>	<b>\$122,283</b>

The dependence upon property tax receipts is apparent as over 54 percent of governmental activities are supported through these general receipts for both fiscal years.

**Business-type Activities**

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

Village of Thornville  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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**The Village's Funds**

For the fiscal year ending 2007, total governmental funds had receipts of \$321,324 and disbursements of \$218,429. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$75,035. In addition, the police levy deficit was erased and the fund balance increased \$31,857 to \$17,280.

For the fiscal year ending 2006, total governmental funds had receipts of \$300,262 and disbursements of \$231,968. The greatest change within governmental funds occurred within the Letherman Fund which reflected an increase in fund balance of \$38,683 due to rent monies earned on the Letherman property being transferred from the General Fund to this fund. This also contributed to a decrease in the fund balance of the General Fund of \$15,903. In addition the Village received a donation of \$20,000 which contributed to an increase of \$30,408 in Other Governmental Funds. The Village was also able to decrease the deficit in the Police Levy Fund by \$13,139 with decreased spending.

**General Fund Budgeting Highlights**

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

During 2007 and 2006, the Village amended its General Fund budget several times to reflect changing circumstances. For 2007, final budgeted receipts were budgeted at \$132,580 while actual budgeted receipts were \$171,827. For 2006, final budgeted receipts were budgeted at \$136,175 while actual budgeted receipts were \$142,316.

For 2007, final disbursements were budgeted at \$117,187 while actual disbursements were \$99,023. For 2006, final disbursements were budgeted at \$158,768 while actual disbursements were \$131,460. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the increase in budgetary fund balance of \$72,804 for 2007 and a decrease in budgetary fund balance of \$21,740 for 2006.

**Capital Assets and Debt Administration**

**Capital Assets**

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

**Debt**

At December 31, 2007, the Village's outstanding debt included \$2,092,981 in outstanding loans from the Ohio Water Development Authority issued for improvements to wastewater treatment plant. At December 31, 2006, the Village's outstanding debt included \$2,183,107 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.

Village of Thornville  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Melissa Tremblay, Fiscal Officer, Village of Thornville, 3 S. Main Street, Thornville, Ohio 43076.



**Village of Thornville**  
**Perry County**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2007*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$254,370	\$464,624	\$718,994
Investments	71,062	113,240	184,302
<i>Total Assets</i>	<b>\$325,432</b>	<b>\$577,864</b>	<b>\$903,296</b>
<b>Net Assets</b>			
Restricted for:			
Permanent Fund Purpose			
Nonexpendable	\$2,868		\$2,868
Other Purposes	222,289		222,289
Unrestricted	100,275	\$577,864	678,139
<i>Total Net Assets</i>	<b>\$325,432</b>	<b>\$577,864</b>	<b>\$903,296</b>

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, 2007*

	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
<b>Governmental Activities</b>						
General Government	\$79,354	\$13,057		(\$66,297)	\$0	(\$66,297)
Security of Persons and Property	40,200			(40,200)	0	(40,200)
Leisure Time Activities	7,932	975		(6,957)	0	(6,957)
Community Environment	3,135	935		(2,200)	0	(2,200)
Transportation	87,808		\$81,179	(6,629)	0	(6,629)
<i>Total Governmental Activities</i>	218,429	14,967	81,179	(122,283)	0	(122,283)
<b>Business Type Activities</b>						
Water	182,949	174,831		0	(8,118)	(8,118)
Sewer	345,028	420,387		0	75,359	75,359
Swimming Pool	37,900	50,137		0	12,237	12,237
Other	415	2,800		0	2,385	2,385
<i>Total Business Type Activities</i>	566,292	648,155	0	0	81,863	81,863
<b>Total</b>	<b>\$784,721</b>	<b>\$663,122</b>	<b>\$81,179</b>	<b>(122,283)</b>	<b>81,863</b>	<b>(40,420)</b>
<b>General Receipts</b>						
Property Taxes Levied for:						
General Purposes				75,355		75,355
Police				42,015		42,015
Other Purposes				4,982		4,982
Cable Franchise Fees				8,082		8,082
Grants and Entitlements not Restricted to Specific Programs				38,481		38,481
Earnings on Investments				41,258		41,258
Miscellaneous				15,005	4,321	19,326
<i>Total General Receipts</i>				225,178	4,321	229,499
Change in Net Assets				102,895	86,184	189,079
<i>Net Assets Beginning of Year</i>				222,537	491,680	714,217
<i>Net Assets End of Year</i>				<b>\$325,432</b>	<b>\$577,864</b>	<b>\$903,296</b>

See accompanying notes to the basic financial statements

**Village of Thornville**  
**Perry County**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	General	Street Construction, Maintenance, and Repair Fund	Police Levy Fund	Letherman Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$100,275	\$59,324	\$17,280	\$29,140	\$48,350	\$254,369
Investments				68,195	2,868	71,063
<i>Total Assets</i>	<u>\$100,275</u>	<u>\$59,324</u>	<u>\$17,280</u>	<u>\$97,335</u>	<u>\$51,218</u>	<u>\$325,432</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$2,231	\$900			\$11	\$3,142
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	98,044					98,044
Special Revenue Funds		58,424	\$17,280	\$97,335	48,339	221,378
Permanent Fund					2,868	2,868
<i>Total Fund Balances</i>	<u>\$100,275</u>	<u>\$59,324</u>	<u>\$17,280</u>	<u>\$97,335</u>	<u>\$51,218</u>	<u>\$325,432</u>

See accompanying notes to the basic financial statements

**Village of Thornville**  
**Perry County**  
*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Street Construction, Maintenance, and Repair Fund	Police Levy Fund	Letherman Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$75,355		\$42,015		\$4,982	\$122,352
Charges for Services					975	975
Fines, Licenses and Permits	21,490				584	22,074
Intergovernmental	27,452	\$59,897	9,891		22,420	119,660
Earnings on Investments	33,039	1,875		\$5,483	861	41,258
Miscellaneous	14,491	74		90	350	15,005
<i>Total Receipts</i>	<u>171,827</u>	<u>61,846</u>	<u>51,906</u>	<u>5,573</u>	<u>30,172</u>	<u>321,324</u>
<b>Disbursements</b>						
Current:						
General Government	75,114			4,000	240	79,354
Security of Persons and Property	18,543		20,049		1,608	40,200
Leisure Time Activities					7,932	7,932
Community Environment	3,135					3,135
Transportation		62,401			25,407	87,808
<i>Total Disbursements</i>	<u>96,792</u>	<u>62,401</u>	<u>20,049</u>	<u>4,000</u>	<u>35,187</u>	<u>218,429</u>
<i>Net Change in Fund Balances</i>	75,035	(555)	31,857	1,573	(5,015)	102,895
<i>Fund Balances Beginning of Year</i>	<u>25,240</u>	<u>59,879</u>	<u>(14,577)</u>	<u>95,762</u>	<u>56,233</u>	<u>222,537</u>
<i>Fund Balances End of Year</i>	<u>\$100,275</u>	<u>\$59,324</u>	<u>\$17,280</u>	<u>\$97,335</u>	<u>\$51,218</u>	<u>\$325,432</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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$75,500	\$75,500	\$75,355	(\$145)
Fines, Licenses and Permits	30,000	30,000	21,490	(8,510)
Intergovernmental	9,080	9,080	27,452	18,372
Earnings on Investments	18,000	18,000	33,039	15,039
Miscellaneous			14,491	14,491
<i>Total receipts</i>	<u>132,580</u>	<u>132,580</u>	<u>171,827</u>	<u>39,247</u>
<b>Disbursements</b>				
Current:				
General Government	91,782	87,982	75,345	12,637
Security of Persons and Property	15,935	22,735	20,543	2,192
Community Environment	6,470	6,470	3,135	3,335
<i>Total Disbursements</i>	<u>114,187</u>	<u>117,187</u>	<u>99,023</u>	<u>18,164</u>
<i>Net Change in Fund Balance</i>	18,393	15,393	72,804	57,411
<i>Fund Balance Beginning of Year</i>	19,403	19,403	19,403	0
Prior Year Encumbrances Appropriated	<u>5,837</u>	<u>5,837</u>	<u>5,837</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$43,633</u>	<u>\$40,633</u>	<u>\$98,044</u>	<u>\$57,411</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  
Street Construction, Maintenance, and Repair Fund  
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$58,000	\$58,000	\$59,897	\$1,897
Interest	500	500	1,875	1,375
Miscellaneous			74	74
<i>Total receipts</i>	<u>58,500</u>	<u>58,500</u>	<u>61,846</u>	<u>3,346</u>
<b>Disbursements</b>				
Current:				
Transportation	<u>66,057</u>	<u>76,057</u>	<u>63,301</u>	<u>12,756</u>
<i>Total Disbursements</i>	<u>66,057</u>	<u>76,057</u>	<u>63,301</u>	<u>12,756</u>
<i>Net Change in Fund Balance</i>	(7,557)	(17,557)	(1,455)	16,102
<i>Fund Balance Beginning of Year</i>	59,388	59,388	59,388	0
Prior Year Encumbrances Appropriated	<u>491</u>	<u>491</u>	<u>491</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$52,322</u></u>	<u><u>\$42,322</u></u>	<u><u>\$58,424</u></u>	<u><u>\$16,102</u></u>

See accompanying notes to the basic financial statements

**Village of Thornville**  
**Perry County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Police Levy Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$41,500	\$41,500	\$42,015	\$515
Intergovernmental			9,891	9,891
<i>Total receipts</i>	<u>41,500</u>	<u>41,500</u>	<u>51,906</u>	<u>10,406</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	<u>15,600</u>	<u>23,600</u>	<u>20,049</u>	<u>3,551</u>
<i>Total Disbursements</i>	<u>15,600</u>	<u>23,600</u>	<u>20,049</u>	<u>3,551</u>
<i>Net Change in Fund Balance</i>	25,900	17,900	31,857	13,957
<i>Fund Balance Beginning of Year</i>	(14,577)	(14,577)	(14,577)	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>\$11,323</u>	<u>\$3,323</u>	<u>\$17,280</u>	<u>\$13,957</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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Earnings on Investments	\$4,000	\$4,000	\$5,483	\$1,483
Miscellaneous			90	90
<i>Total receipts</i>	<u>4,000</u>	<u>4,000</u>	<u>5,573</u>	<u>1,573</u>
<b>Disbursements</b>				
Current:				
General Government	7,700	7,700	4,000	3,700
<i>Total Disbursements</i>	<u>7,700</u>	<u>7,700</u>	<u>4,000</u>	<u>3,700</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,700)</u>	<u>(3,700)</u>	<u>1,573</u>	<u>5,273</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Uses	(1,000)	(1,000)		1,000
<i>Total Other Financing Sources (Uses)</i>	<u>(1,000)</u>	<u>(1,000)</u>	<u>0</u>	<u>1,000</u>
<i>Net Change in Fund Balance</i>	(4,700)	(4,700)	1,573	6,273
<i>Fund Balance Beginning of Year</i>	95,762	95,762	95,762	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$91,062</u>	<u>\$91,062</u>	<u>\$97,335</u>	<u>\$6,273</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, 2007*

	Business-Type Activities			Total Enterprise Funds
	Major Water Operating Fund	Major Sewer Operating Fund	Other Enterprise Funds	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$342,191	\$96,206	\$26,227	\$464,624
Investments	54,382	58,858		113,240
<i>Total Assets</i>	<u>\$396,573</u>	<u>\$155,064</u>	<u>\$26,227</u>	<u>\$577,864</u>
<b>Net Assets</b>				
Unrestricted	<u>\$396,573</u>	<u>\$155,064</u>	<u>\$26,227</u>	<u>\$577,864</u>

See accompanying notes to the basic financial statements

**Village of Thornville**  
**Perry County**  
*Statement of Cash Receipts,*  
*Disbursements and Changes in Fund Net Assets - Modified Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2007*

	Business-Type Activities			
	Major Water Operating Fund	Major Sewer Operating Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Operating Receipts</b>				
Charges for Services	\$174,831	\$420,387	\$50,137	\$645,355
Other Operating Receipts	360	60	3,014	3,434
<i>Total Operating Receipts</i>	<u>175,191</u>	<u>420,447</u>	<u>53,151</u>	<u>648,789</u>
<b>Operating Disbursements</b>				
Personal Services	46,673	45,870	17,381	109,924
Fringe Benefits	15,859	15,737	4,222	35,818
Contractual Services	19,195	48,406	1,438	69,039
Materials and Supplies	64,478	41,223	15,274	120,975
Other	1,974	2,000		3,974
<i>Total Operating Disbursements</i>	<u>148,179</u>	<u>153,236</u>	<u>38,315</u>	<u>339,730</u>
<i>Operating Income (Loss)</i>	<u>27,012</u>	<u>267,211</u>	<u>14,836</u>	<u>309,059</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Miscellaneous	180	518	2,976	3,674
Proceeds of Notes	13			13
Capital Outlay	(13)			(13)
Principal Payments	(34,757)	(55,382)		(90,139)
Interest and Fiscal Charges		(136,410)		(136,410)
<i>Income (Loss) before Transfers</i>	<u>(7,565)</u>	<u>75,937</u>	<u>17,812</u>	<u>86,184</u>
Transfers In			68,693	68,693
Transfers Out		(68,693)		(68,693)
<i>Change in Net Assets</i>	<u>(7,565)</u>	<u>7,244</u>	<u>86,505</u>	<u>86,184</u>
<i>Net Assets Beginning of Year</i>	<u>404,138</u>	<u>147,820</u>	<u>(60,278)</u>	<u>491,680</u>
<i>Net Assets End of Year</i>	<u><u>\$396,573</u></u>	<u><u>\$155,064</u></u>	<u><u>\$26,227</u></u>	<u><u>\$577,864</u></u>

See accompanying notes to the basic financial statements

**Village of Thornville**  
**County**  
*Statement of Fiduciary Net Assets - Modified Cash Basis*  
*Agency Fund*  
*December 31, 2007*

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	<u>Agency</u>
<b>Assets</b>	
Cash in Segregated Accounts	<u>\$229</u>
<b>Net Assets</b>	
Unrestricted	<u>\$229</u>

See accompanying notes to the basic financial statements

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**Village of Thornville**  
**Perry County**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2006*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$154,908	\$171,373	\$326,281
Investments	67,629	320,307	387,936
<i>Total Assets</i>	<b>\$222,537</b>	<b>\$491,680</b>	<b>\$714,217</b>
<b>Net Assets</b>			
Restricted for:			
Permanent Fund Purpose			
Nonexpendable	\$2,723		\$2,723
Other Purposes	194,574		194,574
Unrestricted	25,240	\$491,680	516,920
<i>Total Net Assets</i>	<b>\$222,537</b>	<b>\$491,680</b>	<b>\$714,217</b>

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, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
General Government	\$91,613	\$25,242		(\$66,371)	\$0	(\$66,371)
Security of Persons and Property	60,109			(60,109)	0	(60,109)
Leisure Time Activities	1,820	1,050		(770)	0	(770)
Community Environment	7,780	1,284		(6,496)	0	(6,496)
Basic Utility Services		2,800		2,800	0	2,800
Transportation	70,646		\$75,556	4,910	0	4,910
Other	465			(465)	0	(465)
<i>Total Governmental Activities</i>	<u>232,433</u>	<u>30,376</u>	<u>75,556</u>	<u>(126,501)</u>	<u>0</u>	<u>(126,501)</u>
<b>Business Type Activities</b>						
Water	99,357	144,011		0	44,654	44,654
Sewer	328,382	349,609		0	21,227	21,227
Swimming Pool	47,662	46,236		0	(1,426)	(1,426)
Other	18,427			0	(18,427)	(18,427)
<i>Total Business Type Activities</i>	<u>493,828</u>	<u>539,856</u>	<u>0</u>	<u>0</u>	<u>46,028</u>	<u>46,028</u>
<b>Total</b>	<u>\$726,261</u>	<u>\$570,232</u>	<u>\$75,556</u>	<u>(126,501)</u>	<u>46,028</u>	<u>(80,473)</u>
<b>General Receipts</b>						
Property Taxes Levied for:						
General Purposes				64,355		64,355
Police				41,085		41,085
Other Purposes				4,851		4,851
Cable Franchise Fees				8,764		8,764
Grants and Entitlements not Restricted to Specific Programs				21,032		21,032
Earnings on Investments				26,707		26,707
Miscellaneous				27,536	15,033	42,569
<i>Total General Receipts</i>				<u>194,330</u>	<u>15,033</u>	<u>209,363</u>
Change in Net Assets				67,829	61,061	128,890
<i>Net Assets Beginning of Year</i>				<u>154,708</u>	<u>430,619</u>	<u>585,327</u>
<i>Net Assets End of Year</i>				<u>\$222,537</u>	<u>\$491,680</u>	<u>\$714,217</u>

See accompanying notes to the basic financial statements

**Village of Thornville**  
**Perry County**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Street Construction, Maintenance, and Repair Fund	Police Levy Fund	Letherman Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$23,928	\$59,879	(\$14,577)	\$32,168	\$53,510	\$154,908
Investments	1,312			63,594	2,723	67,629
<b>Total Assets</b>	<b>\$25,240</b>	<b>\$59,879</b>	<b>(\$14,577)</b>	<b>\$95,762</b>	<b>\$56,233</b>	<b>\$222,537</b>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$5,837	\$491			\$860	\$7,188
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	19,403					19,403
Special Revenue Funds		59,388	(\$14,577)	\$95,762	52,650	193,223
Permanent Fund					2,723	2,723
<b>Total Fund Balances</b>	<b>\$25,240</b>	<b>\$59,879</b>	<b>(\$14,577)</b>	<b>\$95,762</b>	<b>\$56,233</b>	<b>\$222,537</b>

See accompanying notes to the basic financial statements

**Village of Thornville**  
**Perry County**  
*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Street Construction, Maintenance, and Repair Fund	Police Levy Fund	Letherman Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$64,355		\$41,085		\$4,851	\$110,291
Charges for Services	2,800				1,050	3,850
Fines, Licenses and Permits	33,498				1,792	35,290
Intergovernmental	16,529	\$59,574	4,049		16,436	96,588
Earnings on Investments	18,330	580		\$7,452	345	26,707
Miscellaneous	6,804	62	544		20,126	27,536
<i>Total Receipts</i>	<u>142,316</u>	<u>60,216</u>	<u>45,678</u>	<u>7,452</u>	<u>44,600</u>	<u>300,262</u>
<b>Disbursements</b>						
Current:						
General Government	90,273			900	440	91,613
Security of Persons and Property	27,570		32,539			60,109
Leisure Time Activities					1,820	1,820
Community Environment	7,780					7,780
Transportation		58,714			11,932	70,646
<i>Total Disbursements</i>	<u>125,623</u>	<u>58,714</u>	<u>32,539</u>	<u>900</u>	<u>14,192</u>	<u>231,968</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>16,693</u>	<u>1,502</u>	<u>13,139</u>	<u>6,552</u>	<u>30,408</u>	<u>68,294</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In				32,596		32,596
Transfers Out	(32,596)					(32,596)
Other Financing Uses				(465)		(465)
<i>Total Other Financing Sources (Uses)</i>	<u>(32,596)</u>	<u>0</u>	<u>0</u>	<u>32,131</u>	<u>0</u>	<u>(465)</u>
<i>Net Change in Fund Balances</i>	(15,903)	1,502	13,139	38,683	30,408	67,829
<i>Fund Balances Beginning of Year</i>	<u>41,143</u>	<u>58,377</u>	<u>(27,716)</u>	<u>57,079</u>	<u>25,825</u>	<u>154,708</u>
<i>Fund Balances End of Year</i>	<u>\$25,240</u>	<u>\$59,879</u>	<u>(\$14,577)</u>	<u>\$95,762</u>	<u>\$56,233</u>	<u>\$222,537</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$50,000	\$80,000	\$64,355	(\$15,645)
Charges for Services	9,600	9,600	2,800	(6,800)
Fines, Licenses and Permits	18,000	28,000	33,498	5,498
Intergovernmental	15,575	15,575	16,529	954
Earnings on Investments	3,000	3,000	18,330	15,330
Miscellaneous			6,804	6,804
<i>Total receipts</i>	<u>96,175</u>	<u>136,175</u>	<u>142,316</u>	<u>6,141</u>
<b>Disbursements</b>				
Current:				
General Government	86,995	113,695	95,171	18,524
Security of Persons and Property	27,623	33,423	28,509	4,914
Community Environment	6,650	11,650	7,780	3,870
<i>Total Disbursements</i>	<u>121,268</u>	<u>158,768</u>	<u>131,460</u>	<u>27,308</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,093)</u>	<u>(22,593)</u>	<u>10,856</u>	<u>33,449</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out			(32,596)	(32,596)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(32,596)</u>	<u>(32,596)</u>
<i>Net Change in Fund Balance</i>	<u>(25,093)</u>	<u>(22,593)</u>	<u>(21,740)</u>	<u>853</u>
<i>Fund Balance Beginning of Year</i>	40,225	40,225	40,225	0
Prior Year Encumbrances Appropriated	918	918	918	0
<i>Fund Balance End of Year</i>	<u>\$16,050</u>	<u>\$18,550</u>	<u>\$19,403</u>	<u>\$853</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  
Street Construction, Maintenance, and Repair Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$59,000	\$59,000	\$59,574	\$574
Earnings on Investments			580	580
Miscellaneous			62	62
<i>Total receipts</i>	<u>59,000</u>	<u>59,000</u>	<u>60,216</u>	<u>1,216</u>
<b>Disbursements</b>				
Current:				
Transportation	<u>116,454</u>	<u>116,454</u>	<u>59,205</u>	<u>57,249</u>
<i>Total Disbursements</i>	<u>116,454</u>	<u>116,454</u>	<u>59,205</u>	<u>57,249</u>
<i>Net Change in Fund Balance</i>	(57,454)	(57,454)	1,011	58,465
<i>Fund Balance Beginning of Year</i>	57,423	57,423	57,423	0
Prior Year Encumbrances Appropriated	<u>954</u>	<u>954</u>	<u>954</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$923</u></u>	<u><u>\$923</u></u>	<u><u>\$59,388</u></u>	<u><u>\$58,465</u></u>

See accompanying notes to the basic financial statements

**Village of Thornville**  
**Perry County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Police Levy Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$46,000	\$46,000	\$41,085	(\$4,915)
Intergovernmental			4,049	4,049
Miscellaneous			544	544
<i>Total receipts</i>	<u>46,000</u>	<u>46,000</u>	<u>45,678</u>	<u>(322)</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	<u>44,900</u>	<u>44,900</u>	<u>32,539</u>	<u>12,361</u>
<i>Total Disbursements</i>	<u>44,900</u>	<u>44,900</u>	<u>32,539</u>	<u>12,361</u>
<i>Net Change in Fund Balance</i>	1,100	1,100	13,139	12,039
<i>Fund Balance Beginning of Year</i>	(27,716)	(27,716)	(27,716)	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>(\$26,616)</u>	<u>(\$26,616)</u>	<u>(\$14,577)</u>	<u>\$12,039</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Earnings on Investments	\$15,000	\$15,000	\$7,452	(\$7,548)
<i>Total receipts</i>	<u>15,000</u>	<u>15,000</u>	<u>7,452</u>	<u>(7,548)</u>
<b>Disbursements</b>				
Current:				
General Government		2,500	900	1,600
<i>Total Disbursements</i>	<u>0</u>	<u>2,500</u>	<u>900</u>	<u>1,600</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>15,000</u>	<u>12,500</u>	<u>6,552</u>	<u>(5,948)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In			32,596	32,596
Other Financing Uses		(500)	(465)	35
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(500)</u>	<u>32,131</u>	<u>32,631</u>
<i>Net Change in Fund Balance</i>	15,000	12,000	38,683	26,683
<i>Fund Balance Beginning of Year</i>	57,079	57,079	57,079	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>\$72,079</u>	<u>\$69,079</u>	<u>\$95,762</u>	<u>\$26,683</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, 2006*

	Business-Type Activities			Total Enterprise Funds
	Major Water Operating Fund	Major Sewer Operating Fund	Other Enterprise Funds	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$141,393	\$90,258	(\$60,278)	\$171,373
Investments	262,745	57,562		320,307
<i>Total Assets</i>	<u>\$404,138</u>	<u>\$147,820</u>	<u>(\$60,278)</u>	<u>\$491,680</u>
<b>Net Assets</b>				
Unrestricted	<u>\$404,138</u>	<u>\$147,820</u>	<u>(\$60,278)</u>	<u>\$491,680</u>

See accompanying notes to the basic financial statements

**Village of Thornville**  
**Perry County**  
*Statement of Cash Receipts,*  
*Disbursements and Changes in Fund Net Assets - Modified Cash Basis*  
*Proprietary Funds*  
For the Year Ended December 31, 2006

	Business-Type Activities			
	Major Water Operating Fund	Major Sewer Operating Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Operating Receipts</b>				
Charges for Services	\$144,011	\$349,609	\$46,236	\$539,856
Other Operating Receipts	1,038	9,403	295	10,736
<i>Total Operating Receipts</i>	<u>145,049</u>	<u>359,012</u>	<u>46,531</u>	<u>550,592</u>
<b>Operating Disbursements</b>				
Personal Services	47,876	43,276	21,294	112,446
Fringe Benefits	15,091	14,312	3,226	32,629
Contractual Services	19,055	49,128	22,257	90,440
Materials and Supplies	13,446	27,528	19,312	60,286
Other	2,283	2,347		4,630
<i>Total Operating Disbursements</i>	<u>97,751</u>	<u>136,591</u>	<u>66,089</u>	<u>300,431</u>
<i>Operating Income (Loss)</i>	47,298	222,421	(19,558)	250,161
<b>Non-Operating Receipts (Disbursements)</b>				
Miscellaneous Receipts	589	169	1,933	2,691
Proceeds of Notes	1,606			1,606
Capital Outlay	(1,606)			(1,606)
Principal Payments		(52,005)		(52,005)
Interest and Fiscal Charges		(139,786)		(139,786)
<i>Income (Loss) before Transfers</i>	47,887	30,799	(17,625)	61,061
Transfers In			20,000	20,000
Transfers Out		(20,000)		(20,000)
<i>Change in Net Assets</i>	47,887	10,799	2,375	61,061
<i>Net Assets Beginning of Year</i>	<u>356,251</u>	<u>137,021</u>	<u>(62,653)</u>	<u>430,619</u>
<i>Net Assets End of Year</i>	<u>\$404,138</u>	<u>\$147,820</u>	<u>(\$60,278)</u>	<u>\$491,680</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, 2006*

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	<u>Agency</u>
<b>Assets</b>	
Cash and Cash Equivalents in Segregated Accounts	<u>\$1,159</u>
<b>Net Assets</b>	
Unrestricted	<u>\$1,159</u>

See accompanying notes to the basic financial statements

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**Note 1 – Reporting Entity**

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

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

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department.

**B. Component Units**

The Village has no component units.

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

The Village participates in the Ohio Government Risk Management Plan, a public entity risk pool. Note 13 to the financial statements provides additional information for this entity.

**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 operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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

Fiduciary Funds

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

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

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

D. Budgetary Process

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

**Note 2 – Summary of Significant Accounting Policies (continued)**

The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

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

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

The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

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

**E. Cash and Investments**

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

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2007 and 2006, the Village invested in certificates of deposit, which were purchased by specific funds. In addition, the Village held mutual funds which were bequeathed to the Village from the Letherman estate during 2001.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 were \$33,039, which includes \$29,399 assigned from other Village funds. Interest receipts credited to the General Fund during 2006 were \$18,330, which includes \$17,567 assigned from other Village funds.

**Note 2 – Summary of Significant Accounting Policies (continued)**

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for Street Construction, Police Levy, and the Letherman estate. No amounts were restricted by enabling legislation.

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

**Note 2 – Summary of Significant Accounting Policies (continued)**

**N. Fund Balance Reserves**

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

**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 – Change in Basis of Accounting and Restatement of Fund Equity**

Prior to fiscal year 2006, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. Beginning in 2006, the Village implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. Also as described in note 2, the Village has elected to report investments.

**Note 4 – Accountability and Compliance**

Contrary to the requirements of Ohio Rev. Code Section 5705.39, appropriations exceeded estimated resources by \$26,616 in the Police Levy Fund for the year ended December 31, 2006.

Contrary to the requirements of Ohio Rev. Code Section 5705.10, the Sewer Debt Service Fund and Police Levy Fund had deficit fund balances of \$68,693 and \$14,577, respectively as of December 31, 2006. In addition, the Village's General, Recreation, Police Levy, and Sewer Debt Service Funds operated with negative fund balances during the year ended December 31, 2006. The Village's Police Levy and Sewer Debt Service Funds also operated with negative fund balances during part of the year ended December 31, 2007.

During 2007, the Village reduced expenditures in the Police Levy Fund resulting in a positive fund balance of \$17,280 at year end. Also during 2007, the Village transferred sufficient amounts to the Sewer Debt Fund to eliminate the deficit and close out the fund.

Village of Thornville  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 5 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, Police Levy Fund, Street Construction, Maintenance, and Repair Fund and the Letherman Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). Encumbrances outstanding for the General Fund and major Special Revenue Funds at year end (budgetary basis) were as follows:

Fund	Year Ended December 31, 2007	Year Ended December 31, 2006
General	\$2,231	\$5,837
Street Construction, Maintenance and Repair	900	491

There were no outstanding advances at year end.

**Note 6 – 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.

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;

**Note 6 – Deposits and Investments (continued)**

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

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

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$762,477 of the Village's bank balance of \$862,477 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, 2006, \$563,554 of the Village's bank balance of \$663,554 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.

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.



Village of Thornville  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 6 – Deposits and Investments (continued)**

Investments

As of December 31, 2007, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
JP Morgan US Equity Mutual Funds	\$68,195	None

As of December 31, 2006, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
JP Morgan US Equity Mutual Funds	\$63,594	None

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

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

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

**Note 7 – Property Taxes**

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

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes.

Village of Thornville  
Notes to the Basic Financial Statements  
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**Note 7 – Property Taxes (continued)**

Public utility real and tangible personal property tax receipts received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. 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 8 – Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village participates in the Ohio Government Risk Management Plan, a public entity risk pool. During 2007, the Village's insurance coverage in this pool was as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Rinehart-Walters-Danner & Associates	Property	\$6,633,109
	General Liability	
	Per Occurrence	2,000,000
	Annual Aggregate	4,000,000
	Employer's Liability	2,000,000
	Employee Benefits Liability	
	Incident	1,000,000
	Annual Aggregate	3,000,000
	Public Officials Liability	
	Incident	2,000,000
	Annual Aggregate	4,000,000
	Law Enforcement Liability	
	Incident	2,000,000
	Annual Aggregate	4,000,000
	Automobile Liability	2,000,000
	Inland Marine	136,900
Crime	57,000	
Boiler and Machinery	6,633,109	

**Note 8 – Risk Management (continued)**

During 2006, the Village's insurance coverage in this pool was as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Rinehart-Walters-Danner & Associates	Property	\$5,539,126
	General Liability	
	Per Occurrence	2,000,000
	Annual Aggregate	4,000,000
	Employer's Liability	2,000,000
	Employee Benefits Liability	
	Incident	1,000,000
	Annual Aggregate	3,000,000
	Public Officials Liability	
	Incident	2,000,000
	Annual Aggregate	4,000,000
	Law Enforcement Liability	
	Incident	2,000,000
	Annual Aggregate	4,000,000
	Automobile Liability	2,000,000
	Inland Marine	114,900
Crime	57,000	
Boiler and Machinery	5,539,126	

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 9 – Defined Benefit Pension Plan**

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits.

**Note 9 – Defined Benefit Pension Plan (continued)**

Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent. For the year ended December 31, 2006, members in state and local classifications contributed 9 percent of covered payroll, public safety members contributed 9 percent, and law enforcement members contributed 10.1 percent.

The Village's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution rate was 17.17 percent of covered payroll. For the period January 1 through June 30, 2007, a portion of the Village's contribution equal to 5 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. The Village's contribution rate for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution rate was 16.93 percent of covered payroll. For 2006, a portion of the Village's contribution equal to 4.5 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, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Village's required contributions for pension obligations for the years ended December 31, 2007, 2006, and 2005 were \$14,001, \$17,854, and \$13,955 respectively. The full amount has been contributed for 2007, 2006 and 2005.

**B. Ohio Police and Fire Pension Fund**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers. Contribution rates are established by State statute. For 2007, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. For 2006, a portion of the Village's contribution equal to 7.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2007, 2006, and 2005 were \$11,455, \$0, and \$0. The full amount has been contributed for 2007, 2006 and 2005.

**Note 10 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

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

**Note 10 - Postemployment Benefits (continued)**

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

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees.

In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). In 2006, local government employers contributed 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions that was allocated to fund postemployment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 to December 31, 2007. The amount of the employer contributions that was allocated to fund postemployment healthcare was 4.5 percent of covered payroll for 2006.

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

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$9,222, \$8,601 and \$5,845 respectively. The full amount has been contributed for 2007, 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

**B. Ohio Police and Fire Pension Fund**

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

**Note 10 - Postemployment Benefits (continued)**

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

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

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

Funding policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. For the year ended December 31, 2006, the employer contribution allocated to the healthcare plan was 7.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

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

The Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for police were \$6,065 for the year ended December 31, 2007, \$0 for the year ended December 31, 2006, and \$0 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006, and 2005.

**Note 11 – Debt**

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

<u>Business-Type Activities</u>	<u>Interest Rate</u>	<u>Balance 12/31/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2007</u>	<u>Due Within One Year</u>
2002 OWDA Loan 3313	6.39%	\$2,148,363		\$55,382	\$2,092,981	\$58,977
2002 OWDA Loan 3802	5.40%	34,744	\$13	34,757	0	
Total Business-Type Activities		<u>\$2,183,107</u>	<u>\$13</u>	<u>\$90,139</u>	<u>\$2,092,981</u>	<u>\$58,977</u>

Village of Thornville  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

**Note 11 – Debt (continued)**

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

<u>Business-Type Activities</u>	<u>Interest Rate</u>	<u>Balance 12/31/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2006</u>	<u>Due Within One Year</u>
2002 OWDA Loan 3313	6.39%	\$2,200,368		\$52,005	\$2,148,363	\$55,382
2002 OWDA Loan 3802	5.40%	33,138	\$1,606		34,744	34,744
Total Business-Type Activities		<u>\$2,233,506</u>	<u>\$1,606</u>	<u>\$52,005</u>	<u>\$2,183,107</u>	<u>\$90,126</u>

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.

The OWDA 3802 loan relates to a water planning project. This loan was repaid during the year ended December 31, 2007.

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

<u>Year Ended December 31</u>	<u>OWDA Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$58,977	\$132,814
2009	62,806	128,985
2010	66,883	124,908
2011	71,226	120,566
2012	75,849	115,942
2013-2017	459,823	499,134
2018-2022	629,764	329,192
2023-2026	667,653	99,511
Totals	<u>\$2,092,981</u>	<u>\$1,551,052</u>

**Note 12 – Interfund Transfers**

During 2007 and 2006 the following transfers were made:

	<u>2007</u>	<u>2006</u>
Transfers from the General Fund to:		
Letherman Fund		\$32,596
Total Transfers from the General Fund	<u>\$0</u>	<u>\$32,596</u>
Transfers from the Sewer Operating Fund to:		
Sewer Debt Service Fund	\$68,693	\$20,000
Total Transfers from the Sewer Operating Fund	<u>\$68,693</u>	<u>\$20,000</u>

A transfer was made from the General Fund to the Letherman Fund during 2006 to reallocate revenues collected from the rental of the property from the Letherman estate to the Letherman Fund. Transfers were made from the Sewer Operating Fund to the Sewer Debt Service Fund in order to eliminate cash deficits within the debt service fund and close out this fund.

**Note 13 – Risk Pool Membership**

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

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

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

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

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

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 14 – Letherman Estate**

During 2001 the Village received a bequest (will) of property, including real property (building and land) and approximately \$54,000 in mutual fund investments. The will requires the Village to utilize the real property for a health care facility or a recreational community center for the citizens of the Village and the mutual funds for the upkeep of the property. The will also requires that if the Village is unable to utilize the property for these purposes then the buildings on the property are to be torn down. The Village has rented the house on this property for the purposes of raising money to potentially turn this property into a recreation center. Currently, the Village is consulting with its legal counsel in regards to the legality of this arrangement, legality of the Village holding the types of investments which were bequeathed to the Village, and whether the corpus of the bequest may be spent or must be held intact. Any potential effect on the financial statements, if any, is not determinable at this time.





# Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Thornville, Perry County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 11, 2008, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. In addition, we qualified our report because we were unable to obtain sufficient competent evidential matter for Charges for Services, Other Operating Receipts and Miscellaneous receipts in the business-type activities, Major Water Operating Fund, Major Sewer Operating Fund, and aggregate remaining fund information. We also were unable to obtain the necessary assurances over the proper classification of the Major Letherman Fund. Except as discussed in the preceding sentences, 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 expressing our opinion on the financial statements, but not to opine 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.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2007-001 and 2007-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated December 11, 2008.

#### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-002 through 2007-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated December 11, 2008.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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



**Mary Taylor, CPA**  
Auditor of State

December 11, 2008

**VILLAGE OF THORNVILLE  
PERRY COUNTY**

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

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

**Material Weakness**

A sound accounting system should enable the entity to identify, assemble, analyze, classify, record and report its transactions, and prepare accurate financial statements.

During 2001, the Village accepted a bequest from the Letherman Estate consisting of real property and mutual funds. The Village established the Letherman Fund to account for the activity associated with the earnings of the assets from this bequest. Currently, the Village includes this fund as a special revenue fund on the Village's accounting system and within the accompanying financial statements; however, management has not obtained a written opinion from legal counsel concerning the legal restrictions, if any, over the principal balance of this bequest. As a result, we could not determine if the balance and transactions of this fund are properly classified within the Village's financial statements and, consequently, we have qualified our opinion on the Village's financial statements.

We recommend the Village consult with its legal counsel and obtain a written legal opinion in regards to the restrictions, if any, related to the Letherman Fund.

**Officials' Response:**

The Village Solicitor is currently addressing the Letherman issue through the Perry County Courts.

**FINDING NUMBER 2007-002**

**Noncompliance Citation and Material Weakness**

Ohio Admin. Code Section 117-2-02(A) requires all local public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare accurate financial statements required by Section 117-2-03 of the Administrative Code.

Ohio Rev. Code Section 149.351(A) provides that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided under Sections 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

From January 2006 through September 2007, utility billings, collections and customer accounts were maintained on computer software. However, utility information provided on the computer software could not be accessed and hard copies were not maintained for all billing, collection and posting of customer accounts. In addition, the Village had no record of adjustments made, if any, to customer accounts, nor any record of approval of these adjustments, if any, during this period. Additionally, the Village did not provide adequate supporting documentation for revenues collected for the Village's swimming pool. Although a summary of pool activity was maintained, the Village could not locate adequate documentation supporting amounts on this summary.

**VILLAGE OF THORNVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-002 (Continued)**

**Noncompliance Citation and Material Weakness - Ohio Admin. Code Section 117-2-02(A)  
(Continued)**

As a result, we qualified our opinion on Charges for Services revenues of the Village's business-type activities, the Major Water Operating Fund, the Major Sewer Operating Fund, and the Village's remaining fund information. Failure to maintain adequate records of cash receipts could result in errors or irregularities to occur and remain undetected by Village management.

Regarding the Village's records in general, we recommend the following:

- The Village should maintain all documentation as required by law.
- The Village should have a disaster recovery plan for records maintained on computer systems. This plan should include the periodic back-up and off-site storage of back-up tapes for all data maintained on computer systems so that computer data may be restored in the event of data loss.

Regarding the Village's water and sewer billings and collections, we recommend the following:

- Each month a billing register should be generated reflecting meter readings, amounts billed, amounts collected, any adjustments posted, and amounts currently billed.
- Adjustments to customer accounts should be reviewed and approved by the Village Administrator. In addition, a printout of adjustments posted to the system should be reviewed and approved each month. Record of these reviews and approvals should be maintained on file.
- The Village should continue to reconcile all billing stubs daily to amounts collected and maintain evidence this has been performed by bundling the billing stubs with a calculator tape for each day. In addition, a daily printout of payments posted to the billing system should be generated identifying receipts collected for the day and the accounts to which these receipts have been posted. This printout should be reconciled to the aforementioned billing stubs and the Village's deposit of receipts for the day. The validated deposit slip from the bank should be attached as evidence this was performed.
- The Village should generate and maintain a printout for each day noting the types of receipts collected for the day (water versus sewer receipts) to ensure receipts are posted to the proper Village funds.

Regarding the Village's swimming pool, we recommend the following:

- The Village should maintain copies of all membership applications on file. Applications should be marked with the amount collected, date of receipt, and receipt number.
- A record of pool admissions should be maintained for each day including a record of members versus non-members. In addition, a record of daily concession sales should also be maintained. Each day receipts should be reconciled to the appropriate supporting records and the pool's deposit. The Village should maintain evidence that this reconciliation has been performed.
- A monthly summary of daily admissions identifying member and non-members, daily concession sales, and any other receipts should be presented to the Finance Committee for review.

VILLAGE OF THORNVILLE  
PERRY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2007-002 (Continued)

Noncompliance Citation and Material Weakness - Ohio Admin. Code Section 117-2-02(A)  
(Continued)

Officials' Response:

Utility Records

The utility computer system used for 2006-2007, even if it was accessible, did not provide reports to show billing registers or daily receipt printouts to show that the amounts were posted to the proper village funds. This system was also the system set up and used by the previous clerk, therefore we could not be sure reports, if available, would have been accurate. We are currently on a different utility software system, which will generate monthly billing registers, daily receipt reports, and monthly adjustment reports.

Village Swimming Pool

1. The Village will maintain copies of membership applications in the Village office. Pool membership forms will be changed to reflect amounts collected, date of receipt, and receipt number.
2. New pool forms will be generated to keep track of non-members versus members daily attendance. The Pool Manager and Assistant Manager will be required to keep records of daily concession sales. Each day receipts will be reconciled to appropriate records and the pool deposit slips. This information will be provided to the Fiscal Officer on a daily basis.
3. A monthly summary of daily admissions identifying members and non-members, daily concession sales, and any other receipts will be provided to the Finance Committee.

FINDING NUMBER 2007-003

Noncompliance Citation

Ohio Rev. Code Section 5705.39 provides, in part, that total appropriations from each fund shall not exceed the total estimated revenue available for expenditure therefrom as certified by the County Budget Commission.

Appropriations exceeded estimated resources by \$26,616 in the Policy Levy Fund at December 31, 2006. When appropriations exceed estimated resources, the Village may spend more than what is available to spend, and thus cause a deficit.

We recommend the Fiscal Officer amend the certificate of estimated resources or modify total appropriations with the Village Council and County Budget Commission whenever appropriations exceed estimated resources.

Officials' Response:

Against my (Fiscal Officer's) advice, the Mayor and Council decided that as long as we lowered the negative over a few years, it was acceptable. As soon as we got a new Mayor and Council, the problem was resolved and will never happen again (as long as I [Fiscal Officer] am here).

**VILLAGE OF THORNVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-004**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.10(H) provides that money paid into a fund shall be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

As of December 31, 2006, the Village's Sewer Debt Service Fund and Police Levy Fund had negative cash fund balances in the amounts of \$68,693 and \$14,577, respectively.

In addition, the Village also operated at various times throughout 2006 with a negative fund cash balance in the following funds: General, Recreation, Police Levy, and Sewer Debt Service Funds. The Village also operated at various times throughout fiscal year 2007 with a negative fund cash balance in the Police Levy and Sewer Debt Service Funds.

We recommend the Village monitor fund balances in order to avoid negative fund balances. When cash flow problems arise, monies should be advanced as outlined in Auditor of State Bulletin 97-003.

**Officials' Response:**

The funds were negative when I (Fiscal Officer) started and I immediately started fixing them as soon as funds became available. All funds are now in the black and will remain.

**VILLAGE OF THORNVILLE  
PERRY COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Ohio Rev. Code Section 5705.41(D)(1) – Failure to certify expenditures prior to commitment.	Yes.	Corrected.
2005-002	Ohio Rev. Code Section 149.351(A) – Retention of public records for Village utilities and Mayor’s court.	No.	Partially corrected. Retention of utility records repeated as part of finding number 2007-002.
2005-003	Ohio Rev. Code Section 5705.36(A)(1) – Certification of available balances to the County Auditor.	Yes.	Corrected.
2005-004	Ohio Rev. Code Section 5705.38(A) and 5705.39 – Passage of an annual appropriation ordinance and filing ordinance with the County Auditor.	Yes.	Corrected.
2005-005	Ohio Rev. Code Section 5705.41(B) – Expenditures in excess of appropriations.	Yes.	Corrected.
2005-006	Ohio Rev. Code Section 5705.10 – Negative fund balances.	No.	Not corrected. Repeated as finding number 2007-004. As of December 31, 2007, no funds had a negative fund balance.







**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF THORNVILLE**

**PERRY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 13, 2009**