

**VILLAGE OF THURSTON, OHIO
FAIRFIELD COUNTY**

***REGULATORY CASH BASIS
FINANCIAL STATEMENTS***

***FOR THE YEAR ENDED
DECEMBER 31, 2018***

**VILLAGE OF THURSTON, OHIO
FAIRFIELD COUNTY**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Accountant's Compilation Report

To the Members of Village Council
Thurston, Ohio

Management is responsible for the accompanying basic financial statements of the Village of Thurston, which comprise the statements listed in the table of contents as of December 31, 2018, and for the year then ended, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on the financial statements.

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is an accounting basis other than accounting principles generally accepted in the United States of America.

Julian & Grube, Inc.

Westerville, Ohio
February 6, 2019

Village of Thurston, Ohio
Fairfield County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018
(See Accountant's Compilation Report)*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 12,582	\$ -	\$ 12,582
Municipal Income Tax	114,140	-	114,140
Intergovernmental	15,754	30,541	46,295
Charges for Services	-	199,941	199,941
Fines, Licenses and Permits	3,177	-	3,177
Earnings on Investments	1,182	139	1,321
Contributions and donations	-	12,480	12,480
Miscellaneous	5,087	757	5,844
<i>Total Cash Receipts</i>	<u>151,922</u>	<u>243,858</u>	<u>395,780</u>
Cash Disbursements			
Current:			
Security of Persons and Property	3,218	69,259	72,477
Public Health Services	2,343	800	3,143
Leisure Time Activities	-	182	182
Community Environment	2,612	-	2,612
Basic Utility Services	7,640	13,642	21,282
Transportation	-	16,633	16,633
General Government	58,196	2,533	60,729
Capital Outlay	39,225	77,508	116,733
<i>Total Cash Disbursements</i>	<u>113,234</u>	<u>180,557</u>	<u>293,791</u>
<i>Net Change in Fund Cash Balances</i>	38,688	63,301	101,989
<i>Fund Cash Balances, January 1</i>	<u>107,516</u>	<u>230,687</u>	<u>338,203</u>
Fund Cash Balances, December 31			
Restricted	-	293,988	293,988
Assigned	29,408	-	29,408
Unassigned	116,796	-	116,796
<i>Fund Cash Balances, December 31</i>	<u>\$ 146,204</u>	<u>\$ 293,988</u>	<u>\$ 440,192</u>

See accompanying notes to the basic financial statements

Village of Thurston, Ohio
Fairfield County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018
(See Accountant's Compilation Report)*

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 254,744	\$ 133,547	\$ 388,291
Miscellaneous	1,533	-	1,533
<i>Total Operating Cash Receipts</i>	<u>256,277</u>	<u>133,547</u>	<u>389,824</u>
Operating Cash Disbursements			
Personal Services	17,089	-	17,089
Employee Fringe Benefits	2,873	-	2,873
Contractual Services	44,722	133,547	178,269
Supplies and Materials	29,388	-	29,388
Other	5,059	-	5,059
<i>Total Operating Cash Disbursements</i>	<u>99,131</u>	<u>133,547</u>	<u>232,678</u>
<i>Operating Income</i>	<u>157,146</u>	<u>-</u>	<u>157,146</u>
Non-Operating Disbursements			
Capital Outlay	(12,880)	-	(12,880)
Principal Retirement	(94,684)	-	(94,684)
Interest and Other Fiscal Charges	(52,547)	-	(52,547)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(160,111)</u>	<u>-</u>	<u>(160,111)</u>
<i>Net Change in Fund Cash Balances</i>	(2,965)	-	(2,965)
<i>Fund Cash Balances, January 1</i>	<u>124,621</u>	<u>-</u>	<u>124,621</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 121,656</u>	<u>\$ -</u>	<u>\$ 121,656</u>

See accompanying notes to the basic financial statements

Village of Thurston, Ohio
Fairfield County

Notes to the Financial Statements
For the Year Ended December 31, 2018
(See Accountant's Compilation Report)

Note 1 - Reporting Entity

The Village of Thurston (the "Village"), Fairfield County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer (contracted through Walnut Creek Sewer District) utilities, street maintenance and repair, as well as general government services. The Village contracts with Fairfield County Sheriff's department to provide police protection services. The Village contracts with Walnut Creek Sewer District (the "WCSD") to provide sewer billing services.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant special revenue fund:

Fire Fund - This fund receives levy money from Walnut Township for providing fire protection and EMS services.

Enterprise Funds - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. This fund receives charges for services from residents to cover water service costs.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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.

Village of Thurston, Ohio
Fairfield County

Notes to the Financial Statements
For the Year Ended December 31, 2018
(See Accountant's Compilation Report)

Note 2 - Summary of Significant Accounting Policies - (Continued)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund account for the activity related to the Walnut Creek Sewer District.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Village of Thurston, Ohio
Fairfield County

Notes to the Financial Statements
For the Year Ended December 31, 2018
(See Accountant's Compilation Report)

Note 2 - Summary of Significant Accounting Policies - (Continued)

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

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

Nonspendable - The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

Committed - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

Village of Thurston, Ohio
Fairfield County

Notes to the Financial Statements
For the Year Ended December 31, 2018
(See Accountant's Compilation Report)

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 103,933	\$ 151,922	\$ 47,989
Special Revenue	174,605	243,858	69,253
Enterprise	285,499	256,277	(29,222)
Fiduciary	140,000	133,547	(6,453)
Total	\$ 704,037	\$ 785,604	\$ 81,567

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 144,718	\$ 116,122	\$ 28,596
Special Revenue	271,227	200,494	70,733
Enterprise	324,464	265,742	58,722
Fiduciary	140,000	133,547	6,453
Total	\$ 880,409	\$ 715,905	\$ 164,504

Note 4 - Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2018
Demand deposits	\$ 561,848

Deposits

Deposits are insured by the Federal Depository Insurance Corporation (FDIC) or collateralized by the financial institution's public entity deposit pool.

Village of Thurston, Ohio
Fairfield County

Notes to the Financial Statements
For the Year Ended December 31, 2018
(See Accountant's Compilation Report)

Note 5 - Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

Income Taxes

The Village levies a municipal income tax of one percent (1%) on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. There is no tax credit for taxes paid to other municipalities. The program is administered by the Regional Income Tax Agency (R.I.T.A.).

Earned income includes items such as wages, salaries, tips, bonuses, rental income, net profits from a business or profession, and distributions from partnerships. Examples of items that would be exempt from the income tax are interest, dividends, annuities, receipts from Social Security, pensions, military pay, unemployment compensation, alimony, and child support.

Note 6 - Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Thurston, Ohio
Fairfield County

Notes to the Financial Statements
For the Year Ended December 31, 2018
(See Accountant's Compilation Report)

Note 6 - Risk Management - (Continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017 (the latest information available).

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 equity at December 31, 2017 (the latest information available):

Assets		\$ 14,853,620
Liabilities		<u>(9,561,108)</u>
Members' Equity		<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some of the Village's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Social Security

Several of the Village's elected officials and employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Village of Thurston, Ohio
Fairfield County

Notes to the Financial Statements
For the Year Ended December 31, 2018
(See Accountant's Compilation Report)

Note 7 - Defined Benefit Pension Plans - (Continued)

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 8 - Defined Benefit OPEB Plans

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Note 9 - Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 3,075,805	various

	Interest Rate	Term	Amount Financed	Balance
6543	2.00%	30 years	\$ 95,895	\$ 83,610
6707	1.5 - 3.49%	30 years	3,281,773	2,929,337
7399	1.08%	20 years	69,119	62,858
Total			\$ 3,446,787	\$ 3,075,805

The Ohio Water Development Authority (OWDA) loan relates to a water plant construction project and water system improvements for the Village. The OWDA approved up to \$3,500,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$75,000, including interest, over 30 years. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Village of Thurston, Ohio
Fairfield County

Notes to the Financial Statements
For the Year Ended December 31, 2018
(See Accountant's Compilation Report)

Note 9 - Debt - (Continued)

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 96,735	\$ 50,994	\$ 147,729
2020	98,316	49,414	147,730
2021	99,925	47,805	147,730
2022	101,563	46,167	147,730
2023	103,230	44,499	147,729
2024-2028	542,235	196,411	738,646
2029-2033	588,712	149,934	738,646
2034-2038	629,966	100,975	730,941
2039-2043	673,083	46,305	719,388
2044	<u>142,040</u>	<u>1,836</u>	<u>143,876</u>
Total	<u>\$ 3,075,805</u>	<u>\$ 734,340</u>	<u>\$ 3,810,145</u>

Note 10 - Contingent Liabilities

The Village is currently not involved in litigation that the Village's legal counsel anticipates a loss.

Note 11 - Jointly Governed Organizations

The Village is 50/50 owner and manager of the Thurston-Walnut Township Fire Department.

Note 12 - Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 - Related Party Transactions

The Village Clerk/Treasurer, Aaron Reedy, is also on the Board of Trustees for Walnut Creek Sewer District. Every three years a new contract is approved by the Village Council and the Board of Trustees of the Walnut Creek Sewer District.