



**VILLAGE OF SUNBURY
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007-2006



Mary Taylor, CPA
Auditor of State

VILLAGE OF SUNBURY
DELAWARE COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
2007 Government-Wide Financial Statements:	
Statement of Net Assets –Cash Basis	13
Statement of Activities –Cash Basis.....	14
2007 Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds.....	15
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds	16
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - Budget Basis - General Fund	17
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - Budget Basis – Street Fund.....	18
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - Budget Basis – Parks & Recreation Fund	19
Statement of Fund Net Assets –Cash Basis –Proprietary Funds	20
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets – Cash Basis – Proprietary Funds.....	21
Statement of Fiduciary Net Assets – Cash Basis – Fiduciary Fund	22
Statement of Changes in Fiduciary Net Assets – Cash Basis – Fiduciary Fund	23
2006 Government-Wide Financial Statements:	
Statement of Net Assets –Cash Basis	24
Statement of Activities –Cash Basis.....	25
2006 Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds.....	26

VILLAGE OF SUNBURY
DELAWARE COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds.....	27
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - Budget Basis - General Fund.....	28
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - Budget Basis – Street Fund	29
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual - Budget Basis – Parks & Recreation Fund.....	30
Statement of Fund Net Assets –Cash Basis – Proprietary Funds.....	31
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets – Cash Basis – Proprietary Funds	32
Statement of Fiduciary Net Assets – Cash Basis – Fiduciary Fund	33
Statement of Changes in Fiduciary Net Assets – Cash Basis – Fiduciary Fund –	34
Notes to the Financial Statements	35
Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	55
Schedule of Findings.....	57
Schedule of Prior Audit Findings.....	60



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Sunbury
Delaware County
9 East Granville Street
Sunbury, Ohio 43074

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 Sunbury, Delaware 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.

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. We believe our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sunbury, Delaware County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Street, and Parks & Recreation Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 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.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 15, 2008

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

This discussion and analysis of the Village of Sunbury (the Village), financial performance provides an overall review of the Village of Sunbury's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Village of Sunbury's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village of Sunbury's financial performance.

Highlights

Key highlights for 2007 were as follows:

Net assets of governmental activities increased \$ 416,935 or 20.6 percent as compared to 2006. The primary reason for the increase in cash balance was due to a reduction in debt expense related to the water facility that was sold to Del-Co Water during 2005. Also, there was a reduction in payroll expense due to several positions being vacant during 2007.

Net assets of business type activities increased \$287,639 or 11.5 percent as compared to 2006. The primary reason for the increase in cash balance was due to the reduction of debt expense related to sewer activities in 2007.

The Village had \$5,338,893 in disbursements during 2007 related to governmental activities.

Key highlights for 2006 were as follows:

Net assets of governmental activities decreased \$450,721 or 18.2 percent as compared to 2005. The primary reason for the decrease in cash balance was due to the fact that the Village received 250,000 in the Parks & Recreation Fund from Dominion Homes during 2005. The Village borrowed \$318,000 during 2005 for a band stand project which was to be completed during 2006. The project was cancelled and the Village repaid the \$318,000 which reduced the fund balance. Also, the Village paid off the cemetery loan in the amount of \$55,000.

Net assets of business type activities decreased \$99,351 or 3.8 percent as compared to 2005.

The Village had \$5,884,460 in disbursements during 2006 related to governmental activities.

Using the Basic Financial Statements

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

Report Components

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

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

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

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

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

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village of Sunbury did financially during 2007 and 2006, 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, highway, streets, cemetery and parks. Income tax, property taxes, state and federal grants 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 one business-type activities, the provision of sewer. Business-type activities are financed by a fee charged to the customers receiving the service. The Village sold its water facility to Del-Co Water in 2005, but the remaining activity from the water utility is included in the business type activities.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village of Sunbury 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, Street, and Parks and Recreation Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two major enterprise funds, the sewer and water fund. The Village sold its water facility to Del-Co. Water during 2005, but has chosen to present the water fund as major.

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 1 provides a summary of the Village's net assets for 2007 compared to 2006 and 2005 on a modified cash basis:

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

(Table 1)

Net Assets

	Governmental Activities			Business-Type Activities		
	2007	2006	2005	2007	2006	2005
Assets						
Cash and Cash Equivalents	\$2,441,112	\$2,024,177	\$2,474,898	\$2,788,910	\$2,501,271	\$2,223,122
Investments	0	0	0	0	0	377,500
Total Assets	2,441,112	2,024,177	2,474,898	2,788,910	2,501,271	2,600,622
Net Assets						
Restricted for:						
Capital Projects	830	830	830	0	0	0
Other Purposes	396,115	372,056	597,905	0	0	0
Unrestricted	2,044,167	1,651,291	1,876,163	2,788,910	2,501,271	2,600,622
Total Net Assets	\$2,441,112	\$2,024,177	\$2,474,898	\$2,788,910	\$2,501,271	\$2,600,622

As mentioned previously, net assets of governmental activities increased \$ 416,935 or 20.6 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- Reduced payroll expenses due to vacant positions part of 2007
- Decrease in debt payments from 2007 vs. 2006

Also as mentioned previously, net assets of governmental activities decreased \$450,721 or 18.2 percent during 2006. The primary reasons contributing to the decrease in cash balance are as follows:

- The Village borrowed \$318,000 during 2005 for a band stand project which was to be completed during 2006. The project was cancelled and the Village repaid the \$318,000 which reduced the fund balance.
- Paid off Cemetery Loan in the amount of \$55,000

Table 2 reflects the changes in net assets in 2007 compared to 2006 and 2005 for governmental activities, business-type activities and total primary government

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

(Table 2)

	Change in Net Assets					
	Governmental Activities			Business-Type Activities		
	2007	2006	2005	2007	2006	2005
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$416,065	\$329,741	\$418,244	\$1,163,264	\$1,064,990	\$1,647,495
Operating Grants and Contributions	216,065	202,372	214,830			
Capital Grants and Contributions		119,668	381,009			
Total Program Receipts	632,130	651,781	1,014,083	1,163,264	1,064,990	1,647,495
General Receipts:						
Property and Other Local Taxes	302,459	311,197	262,969			
Income Taxes	1,689,851	1,716,642	1,513,658			
Grants and Entitlements Not Restricted to Specific Programs	245,202	206,613	269,366			
State Grants					315,500	
OWDA Loan Proceeds					740,780	4,161,356
Notes Issued	2,575,000	2,279,500	2,889,000	604,000	620,500	1,012,000
Sale of Capital Assets						1,321,414
Interest	263,621	226,787	165,828			
Miscellaneous	47,565	41,219	44,591			
Total General Receipts	5,123,698	4,781,958	5,145,412	604,000	1,676,780	6,494,770
Total Receipts	5,755,828	5,433,739	6,159,495	1,767,264	2,741,770	8,142,265
Disbursements:						
General Government	654,228	721,630	628,714			
Security of Persons and Property:	1,050,719	1,000,208	1,016,327			
Public Health Services	17,815	3,324	10,438			
Leisure Time Activities	14,778	17,628	11,658			
Community Environment	186,426	93,351	173,849			
Transportation	515,264	469,133	547,204			
Miscellaneous	4,761	23,198	0			
Capital Outlay	448,750	564,577	1,057,633			
Debt Service	2,446,152	2,991,411	1,578,326			
Water					417,646	1,380,730
Sewer				1,479,601	2,422,888	4,798,629
Enterprise Deposit Fund				24	587	3,139
Total Disbursements	5,338,893	5,884,460	5,024,149	1,479,625	2,841,121	6,182,498
Increase (Decrease) in Net Assets	416,935	(450,721)	1,135,346	287,639	(99,351)	1,959,767
Net Assets, Beginning of Year	2,024,177	2,474,898	1,339,552	2,501,271	2,600,622	640,855
Net Assets, End of Year	\$2,441,112	\$2,024,177	\$2,474,898	\$2,788,910	\$2,501,271	\$2,600,622

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

In 2007, 76 percent and in 2006 79 percent of the Village's total receipts were from general receipts, consisting mainly of local tax, income tax, and notes issued. Program receipts accounted for 24 percent of the Village's total receipts in 2007 and 19 percent in 2006. These receipts consist primarily of restricted intergovernmental receipts such as motor vehicle license and gas tax, building permits, inspection fees, sewer user fees, and charges to nearby governments for police services provided under contract.

Governmental Activities

If you look at the Statement of Activities for 2007 on page 14 and for 2006 on page 25, you will see that the first column list the major disbursements of the Village. The next column identifies the amount of these disbursements. In 2007, the major program disbursements for governmental activities were: debt service and security of persons and property, which each accounted for 46 and 20 percent of all governmental disbursements, respectively. In 2006, the major program disbursements for governmental activities were: debt service and security of persons and property, which each accounted for 51 and 17 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants and contributions 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 townships and municipalities, taxpayers, state subsidies, and cash balances of grant and fee programs. These net cost 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 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$654,228	(\$607,956)	\$721,630	(\$643,423)
Security of Persons and Property	1,050,719	(979,969)	1,000,208	(937,708)
Public Health Services	17,815	36,449	3,324	27,231
Leisure Time Activities	14,778	(14,778)	17,628	(17,628)
Community Environment	186,426	84,418	93,351	72,335
Transportation	515,264	(325,264)	469,133	(273,968)
Miscellaneous	4,761	(4,761)	23,198	(23,198)
Capital Outlay	448,750	(448,750)	564,577	(444,909)
Debt Service	2,446,152	(2,446,152)	2,991,411	(2,991,411)
Total Expenses	\$5,338,893	(\$4,706,763)	\$5,884,460	(\$5,232,679)

In 2007, approximately 88 percent and in 2006 approximately 89 percent of total costs are supported through property taxes, unrestricted grants, and other general receipts.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Business-type Activities

(Table 3)

Business-type Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Water	\$0	\$26	\$417,646	(\$407,648)
Sewer	1,479,601	(316,363)	2,422,888	(1,052,396)
Enterprise Deposit Fund	24	(24)	587	(587)
Total Expenses	\$1,479,625	(\$316,361)	\$2,841,121	(\$1,460,631)

In 2007 and 2006, 21 percent and 51 percent of costs related to business type activities are covered by debt proceeds.

The Village's General Fund

In 2007, the General Fund had receipts of \$5,304,105 and disbursements of \$4,911,228. The fund balance of the General Fund increased \$392,877 due to a reduction of debt payments.

In 2006, the General Fund had receipts of \$ 4,980,813 and disbursements of \$5,211,899. The fund balance of the General Fund decreased \$231,086 as a result of increased principal retirement expenditures.

General Fund Budgeting Highlights

The Village 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, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to growth in intergovernmental receipts, interest and charges for services.

During 2006, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to increased tax receipts.

Capital Assets and Debt Administration

Capital Assets

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Debt

At December 31, 2007, the Village's outstanding debt included \$55,147 in Ohio Public Works Commission (OPWC) loans for improvements to sewer plant; \$7,551,272 in an Ohio Water Development Authority (OWDA) loans for the construction of a new sanitary sewer plant and prior loans; \$82,400 in General Obligation Bonds; and \$3,179,000 in a promissory note to be used for various governmental and business type activities.

At December 31, 2006, the Village's outstanding debt included \$101,315 to OPWC for improvements to sewer plant; \$7,643,542 in an OWDA loan for the construction of a new sanitary sewer plant and prior loans; and \$159,200 in General Obligation Bonds, \$1,962 in a promissory notes for the purchase of two police cruisers, a wastewater truck and a plow truck, and \$2,900,000 in a promissory note to be used for various governmental and business type activities.

For further information regarding the Village's debt, refer to Notes 11 and 12 to the basic financial statements.

Current Issues

Retail Development

In 2007, the Village passed legislation authorizing the execution of a development agreement regarding financing of off-site public infrastructure improvements for the proposed Sunbury Mills Plaza Shopping Center that will be bounded by Miller Drive, Route 3 and Route 36/37. This proposed development will include a Kroger Store and related Gas Station which are scheduled to be completed in Fall of 2008 and several out parcels. The Kroger portion of the development is about a \$13,000,000 project and the out parcels, which will follow in the subsequent years, will make up an additional \$17,000,000. The offsite improvements will cost an estimated \$2,550,000 and be financed from the following sources:

County Contribution	\$500,000
Developer Contribution	\$650,000
Kroger Contribution	\$650,000
Village Contribution*	\$750,000

*Projected Debt Issue, service of which will be paid for by Village TIF

In 2006, the Village signed a Tax Increment Financing and Economic Development Agreement (TIF) along with Delaware County which committed it to paying approximately \$350,000 to upgrade the intersection of Kintner Parkway and Route 36/37, including widening a portion of Route 36/37, new lights at the intersection and related work. The remainder of the cost was paid for by a combination of Community Development Block Grant (\$450,000), County Revolving Loan (\$250,000), County Development Fund (\$175,000) and some County Development Formula Grant funds for a total estimated cost of \$1,200,000. The project was managed by Delaware County.

When the project was completed in 2007, the total construction cost of the project was \$1,270,848. The Village's share of the cost was \$266,199. Of this cost, \$176,000 will be paid for by special assessments from adjoining businesses over the next 20 years, and the remainder will be partially reimbursed over time by the Village TIF.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Housing Development

During 2004, in anticipation of significant future housing construction similar to what was occurring in the rest of Delaware County, the Village committed to the construction of a new \$7,500,000 Sewer Plant and related financing which would be paid back over 30 years that would meet the needs of this expansion.

A major developer is contractually committed to purchasing 763 sewer tap fees totaling \$4,295,690 at a rate of 75 taps per year (\$5,630 a piece) for 10 years and the remainder in the 11th year. It was anticipated that, between this developer and others planning new developments, tap fees would be adequate to service the debt. The Village has received payment for the first 225 tap fees (2005 thru 2007) from this developer.

New Housing Starts in the Village have been as follows:

2005	2006	2007
30	19	17

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 John Lane, Fiscal Officer, Ohio Village of Sunbury, P O Box 508, 9 East Granville St., Sunbury, Ohio 43074.

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**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$2,441,112</u>	<u>\$2,788,910</u>	<u>\$5,230,022</u>
<i>Total Assets</i>	<u><u>\$2,441,112</u></u>	<u><u>\$2,788,910</u></u>	<u><u>\$5,230,022</u></u>
Net Assets			
Restricted for:			
Capital Projects	\$830		\$830
Other Purposes	396,115		396,115
Unrestricted	<u>2,044,167</u>	<u>2,788,910</u>	<u>4,833,077</u>
<i>Total Net Assets</i>	<u><u>\$2,441,112</u></u>	<u><u>\$2,788,910</u></u>	<u><u>\$5,230,022</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF ACTIVITIES - 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 & Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities						
General Government	\$654,228	\$46,272		(\$607,956)	\$0	(\$607,956)
Security of Persons and Property	1,050,719	70,750		(979,969)		(979,969)
Public Health Services	17,815	28,199	26,065	36,449		36,449
Leisure Time Activities	14,778			(14,778)		(14,778)
Community Environment	186,426	270,844		84,418		84,418
Transportation	515,264		190,000	(325,264)		(325,264)
Miscellaneous	4,761			(4,761)		(4,761)
Capital Outlay	448,750			(448,750)		(448,750)
Debt Service	2,446,152			(2,446,152)		(2,446,152)
<i>Total Governmental Activities</i>	<u>5,338,893</u>	<u>416,065</u>	<u>216,065</u>	<u>(4,706,763)</u>	<u>0</u>	<u>(4,706,763)</u>
Business Type Activities						
Water	0	26			26	26
Sewer	1,479,601	1,163,238			(316,363)	(316,363)
Enterprise Deposit Fund	24				(24)	(24)
Total	<u>6,818,518</u>	<u>1,579,329</u>	<u>216,065</u>	<u>(4,706,763)</u>	<u>(316,361)</u>	<u>(5,023,124)</u>
General Receipts						
Property Taxes Levied for:						
General Purposes						
				302,459		302,459
Municipal Income Taxes						
				1,689,851		1,689,851
Grants not restricted to Specific Programs						
				245,202		245,202
Notes Issued						
				2,575,000	604,000	3,179,000
Interest						
				263,621		263,621
Miscellaneous						
				47,565		47,565
				<u>5,123,698</u>	<u>604,000</u>	<u>5,727,698</u>
				416,935	287,639	704,574
				<u>2,024,177</u>	<u>2,501,271</u>	<u>4,525,448</u>
				<u>\$2,441,112</u>	<u>\$2,788,910</u>	<u>\$5,230,022</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Parks & Recreation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,044,463	\$77,372	\$181,655	\$137,622	\$2,441,112
<i>Total Assets</i>	<u>\$2,044,463</u>	<u>\$77,372</u>	<u>\$181,655</u>	<u>\$137,622</u>	<u>\$2,441,112</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$381,856	\$7,000	\$0	\$4,271	\$393,127
Unreserved					
General Fund	1,662,607				1,662,607
Special Revenue Fund		70,372	181,655	132,521	384,548
Capital Projects Fund				830	830
<i>Total Fund Balances</i>	<u>\$2,044,463</u>	<u>\$77,372</u>	<u>\$181,655</u>	<u>\$137,622</u>	<u>\$2,441,112</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Street Fund	Parks and Recreation Fund	Other Governmental Fund	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$1,689,851	\$0	\$0	\$0	\$1,689,851
Property and Other Local Taxes	302,459				302,459
Charges for Services	70,750			28,199	98,949
Fines, Licenses and Permits	309,038				309,038
Public Health				26,065	26,065
Intergovernmental	253,279	175,750		14,250	443,279
Interest	256,483	3,191		3,947	263,621
Miscellaneous	36,245		11,005	316	47,566
<i>Total Receipts</i>	<u>2,918,105</u>	<u>178,941</u>	<u>11,005</u>	<u>72,777</u>	<u>3,180,828</u>
Disbursements					
Current:					
General Government	654,228				654,228
Security of Persons and Property	1,050,719				1,050,719
Public Health Services				17,815	17,815
Leisure Time Activities			14,778		14,778
Community Environment	186,426				186,426
Transportation	393,331	121,933			515,264
Miscellaneous				4,761	4,761
Capital Outlay	387,851	19,962		40,937	448,750
Debt Service:					
Principal Retirement	2,156,300		170,000	30,000	2,356,300
Interest and Fiscal Charges	82,373		6,357	1,122	89,852
<i>Total Disbursements</i>	<u>4,911,228</u>	<u>141,895</u>	<u>191,135</u>	<u>94,635</u>	<u>5,338,893</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,993,123)</u>	<u>37,046</u>	<u>(180,130)</u>	<u>(21,858)</u>	<u>(2,158,065)</u>
Other Financing Sources					
Notes Issued	2,386,000	0	165,000	24,000	2,575,000
<i>Net Change in Fund Balances</i>	392,877	37,046	(15,130)	2,142	416,935
<i>Fund Balances Beginning of Year</i>	<u>1,651,586</u>	<u>40,326</u>	<u>196,785</u>	<u>135,480</u>	<u>2,024,177</u>
<i>Fund Balances End of Year</i>	<u>\$2,044,463</u>	<u>\$77,372</u>	<u>\$181,655</u>	<u>\$137,622</u>	<u>\$2,441,112</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual
	Original	Final	
Receipts			
Municipal Income Taxes	\$1,730,000	\$1,730,000	\$1,689,851
Property and Other Local Taxes	262,778	291,084	302,459
Charges for Services	70,000	70,000	70,750
Fines, Licenses and Permits	265,575	409,575	309,038
Intergovernmental	175,817	162,504	253,279
Interest	150,000	150,000	256,483
Miscellaneous	27,000	27,000	36,245
<i>Total Receipts</i>	<u>2,681,170</u>	<u>2,840,163</u>	<u>2,918,105</u>
Disbursements			
Current:			
General Government	1,174,135	815,773	660,074
Security of Persons and Property	1,191,461	1,278,005	1,060,783
Community Environment	154,880	289,380	213,191
Transportation	439,952	462,552	400,208
Capital Outlay	1,463,181	1,865,715	720,155
Debt Service:			
Principal Retirement	2,161,291	2,161,291	2,156,300
Interest and Fiscal Charges	82,638	82,638	82,373
<i>Total Disbursements</i>	<u>6,667,538</u>	<u>6,955,354</u>	<u>5,293,084</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(3,986,368)</u>	<u>(4,115,191)</u>	<u>(2,374,979)</u>
Other Financing Sources			
Notes Issued	2,388,000	2,388,000	2,386,000
Other Financing Sources	1,050,000	1,050,000	0
<i>Total Other Financing Sources</i>	<u>3,438,000</u>	<u>3,438,000</u>	<u>2,386,000</u>
<i>Net Change in Fund Balance</i>	(548,368)	(677,191)	11,021
<i>Fund Balance Beginning of Year</i>	1,038,589	1,038,589	1,038,589
Prior Year Encumbrances Appropriated	612,997	612,997	612,997
<i>Fund Balance End of Year</i>	<u>\$1,103,218</u>	<u>\$974,395</u>	<u>\$1,662,607</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual
	Original	Final	
Receipts			
Intergovernmental	\$190,000	\$190,000	\$175,750
Interest	0	0	3,191
<i>Total Receipts</i>	<u>190,000</u>	<u>190,000</u>	<u>178,941</u>
Disbursements			
Current:			
Transportation	125,516	137,866	121,933
Capital Outlay	54,400	34,400	26,962
<i>Total Disbursements</i>	<u>179,916</u>	<u>172,266</u>	<u>148,895</u>
<i>Excess of Receipts Over Disbursements</i>	<u>10,084</u>	<u>17,734</u>	<u>30,046</u>
Other Financing Sources			
Transfers In	0	95,000	0
<i>Net Change in Fund Balance</i>	10,084	112,734	30,046
<i>Fund Balance Beginning of Year</i>	35,926	35,926	35,926
Prior Year Encumbrances Appropriated	4,400	4,400	4,400
<i>Fund Balance End of Year</i>	<u>\$50,410</u>	<u>\$153,060</u>	<u>\$70,372</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PARKS & RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual
	Original	Final	
Receipts			
Miscellaneous	\$15,000	\$15,000	\$11,005
<i>Total Receipts</i>	15,000	15,000	11,005
Disbursements			
Current:			
Leisure Time Activities	25,616	25,616	14,778
Capital Outlay	50,000	50,000	0
Debt Service:			
Principal Retirement	170,000	170,000	170,000
Interest and Fiscal Charges	6,357	6,357	6,357
<i>Total Disbursements</i>	251,973	251,973	191,135
<i>Excess of Receipts Under Disbursements</i>	(236,973)	(236,973)	(180,130)
Other Financing Sources			
Notes Issued	165,000	165,000	165,000
<i>Net Change in Fund Balance</i>	(71,973)	(71,973)	(15,130)
<i>Fund Balance Beginning of Year</i>	196,169	196,169	196,169
Prior Year Encumbrances Appropriated	616	616	616
<i>Fund Balance End of Year</i>	\$124,812	\$124,812	\$181,655

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2007

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Other Enterprise Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$460,238	\$2,295,895	\$32,777	\$2,788,910
<i>Total Assets</i>	<u>460,238</u>	<u>2,295,895</u>	<u>32,777</u>	<u>2,788,910</u>
Net Assets				
Unrestricted	460,238	2,295,895	32,777	2,788,910
<i>Total Net Assets</i>	<u>\$460,238</u>	<u>\$2,295,895</u>	<u>\$32,777</u>	<u>\$2,788,910</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Funds	Other Enterprise Fund	
Operating Receipts				
Charges for Services	\$26	\$1,163,238		\$1,163,264
<i>Total Operating Receipts</i>	26	1,163,238	0	1,163,264
Operating Disbursements				
Purchased Services		121,572		121,572
Personal Services		158,966		158,966
Fringe Benefits		86,552		86,552
Contractual Services		151,092		151,092
Materials and Supplies		3,339		3,339
Other		0	24	24
<i>Total Operating Disbursements</i>	0	521,521	24	521,545
<i>Operating Income (Loss)</i>	26	641,717	(24)	641,719
Non-Operating Receipts (Disbursements)				
Note Sale		604,000		604,000
Note Retirement		(758,942)		(758,942)
Interest on Debt		(199,138)		(199,138)
Total Non - Operating Receipts (Disbursements)		(354,080)	0	(354,080)
<i>Change in Net Assets</i>	26	287,637	(24)	287,639
<i>Net Assets Beginning of Year</i>	460,212	2,008,258	32,801	2,501,271
<i>Net Assets End of Year</i>	\$460,238	\$2,295,895	\$32,777	\$2,788,910

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2007

	Private Purpose Trust Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$7,542</u>
Net Assets	
Restricted by Donor	<u>\$7,542</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUND
FOR YEAR ENDED DECEMBER 31, 2007

	Private Purpose Trust Fund
Additions	
Interest	\$0
<i>Total Additions</i>	<u>0</u>
Changes in Net Assets	0
Net Assets - Beginning of Year	<u>7,542</u>
Net Assets - End of Year	<u><u>\$7,542</u></u>

See Accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$2,024,177</u>	<u>\$2,501,271</u>	<u>\$4,525,448</u>
<i>Total Assets</i>	<u><u>2,024,177</u></u>	<u><u>2,501,271</u></u>	<u><u>4,525,448</u></u>
Net Assets			
Restricted for:			
Capital Projects	830		830
Other Purposes	372,056		372,056
Unrestricted	<u>1,651,291</u>	<u>2,501,271</u>	<u>4,152,562</u>
<i>Total Net Assets</i>	<u><u>\$2,024,177</u></u>	<u><u>\$2,501,271</u></u>	<u><u>\$4,525,448</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF ACTIVITIES - 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 & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities							
General Government	\$721,630	\$78,207	\$0	\$0	(\$643,423)	\$0	(\$643,423)
Security of Persons and Property	1,000,208	62,500			(937,708)		(937,708)
Public Health Services	3,324	23,348	7,207		27,231		27,231
Leisure Time Activities	17,628				(17,628)		(17,628)
Community Environment	93,351	165,686			72,335		72,335
Transportation	469,133		195,165		(273,968)		(273,968)
Miscellaneous	23,198				(23,198)		(23,198)
Capital Outlay	564,577			119,668	(444,909)		(444,909)
Debt Service	2,991,411				(2,991,411)		(2,991,411)
<i>Total Governmental Activities</i>	<u>5,884,460</u>	<u>329,741</u>	<u>202,372</u>	<u>119,668</u>	<u>(5,232,679)</u>	<u>0</u>	<u>(5,232,679)</u>
Business Type Activities							
Water	417,646	9,998				(407,648)	(407,648)
Sewer	2,422,888	1,054,992		315,500		(1,052,396)	(1,052,396)
Enterprise Deposit Fund	587					(587)	(587)
Total	<u><u>8,725,581</u></u>	<u><u>1,394,731</u></u>	<u><u>202,372</u></u>	<u><u>435,168</u></u>	<u><u>(5,232,679)</u></u>	<u><u>(1,460,631)</u></u>	<u><u>(6,693,310)</u></u>
		General Receipts					
		Property Taxes Levied for:					
		General Purposes			311,197		311,197
		Municipal Income Taxes			1,716,642		1,716,642
		Grants not restricted to Specific Programs			206,613		206,613
		OWDA Loan Proceeds				740,780	740,780
		Notes Issued			2,279,500	620,500	2,900,000
		Interest			226,787		226,787
		Miscellaneous			41,219		41,219
		<i>Total General Receipts</i>			<u>4,781,958</u>	<u>1,361,280</u>	<u>6,143,238</u>
		Change in Net Assets			(450,721)	(99,351)	(550,072)
		<i>Net Assets Beginning of Year</i>			<u>2,474,898</u>	<u>2,600,622</u>	<u>5,075,520</u>
		<i>Net Assets End of Year</i>			<u><u>\$2,024,177</u></u>	<u><u>\$2,501,271</u></u>	<u><u>\$4,525,448</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General Fund	Street Fund	Parks & Recreation Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,651,586	\$40,326	\$196,785	\$135,480	\$2,024,177
<i>Total Assets</i>	<u>\$1,651,586</u>	<u>\$40,326</u>	<u>\$196,785</u>	<u>\$135,480</u>	<u>\$2,024,177</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$612,997	\$4,400	\$616	\$26,366	\$644,379
Unreserved					
General Fund	1,038,589				1,038,589
Special Revenue Fund		35,926	196,169	108,284	340,379
Capital Projects Fund				830	830
<i>Total Fund Balances</i>	<u>\$1,651,586</u>	<u>\$40,326</u>	<u>\$196,785</u>	<u>\$135,480</u>	<u>\$2,024,177</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Street Fund	Parks and Recreation Fund	Other Governmental Fund	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$1,716,642	\$0	\$0	\$0	\$1,716,642
Property and Other Local Taxes	311,197				311,197
Charges for Services	62,500			23,348	85,848
Fines, Licenses and Permits	243,893				243,893
Intergovernmental	326,281	180,528		14,637	521,446
Interest	211,876	10,661		4,250	226,787
Miscellaneous	28,924	8,867	3,000	7,635	48,426
<i>Total Receipts</i>	<u>2,901,313</u>	<u>200,056</u>	<u>3,000</u>	<u>49,870</u>	<u>3,154,239</u>
Disbursements					
Current:					
General Government	721,630				721,630
Security of Persons and Property	1,000,208				1,000,208
Public Health Services				3,324	3,324
Leisure Time Activities			17,628		17,628
Community Environment	93,351				93,351
Transportation	344,911	124,222			469,133
Miscellaneous				23,198	23,198
Capital Outlay	323,417	209,501	12,395	19,264	564,577
Debt Service:					
Principal Retirement	2,632,427		170,000	85,000	2,887,427
Interest and Fiscal Charges	95,955		5,477	2,552	103,984
<i>Total Disbursements</i>	<u>5,211,899</u>	<u>333,723</u>	<u>205,500</u>	<u>133,338</u>	<u>5,884,460</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,310,586)</u>	<u>(133,667)</u>	<u>(202,500)</u>	<u>(83,468)</u>	<u>(2,730,221)</u>
Other Financing Sources					
Notes Issued	<u>2,079,500</u>		<u>170,000</u>	<u>30,000</u>	<u>2,279,500</u>
<i>Net Change in Fund Balances</i>	(231,086)	(133,667)	(32,500)	(53,468)	(450,721)
<i>Fund Balances Beginning of Year</i>	<u>1,882,672</u>	<u>173,993</u>	<u>229,285</u>	<u>188,948</u>	<u>2,474,898</u>
<i>Fund Balances End of Year</i>	<u>\$1,651,586</u>	<u>\$40,326</u>	<u>\$196,785</u>	<u>\$135,480</u>	<u>\$2,024,177</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE 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
	Original	Final	
Receipts			
Municipal Income Taxes	\$1,581,090	\$1,556,090	\$1,716,642
Property and Other Local Taxes	274,151	308,278	311,197
Charges for Services	56,000	60,000	62,500
Fines, Licenses and Permits	463,981	318,981	243,893
Intergovernmental	182,504	272,504	326,281
Interest	20,000	52,000	211,876
Miscellaneous	47,500	40,500	28,924
<i>Total Receipts</i>	<u>2,625,226</u>	<u>2,608,353</u>	<u>2,901,313</u>
Disbursements			
Current:			
General Government	868,169	849,674	729,563
Security of Persons and Property	1,178,770	1,036,770	1,002,459
Community Environment	227,163	133,862	101,331
Transportation	379,253	476,352	351,785
Capital Outlay	1,169,397	952,793	911,376
Debt Service:			
Principal Retirement	2,634,000	2,634,000	2,632,427
Interest and Fiscal Charges	86,770	99,480	95,955
<i>Total Disbursements</i>	<u>6,543,522</u>	<u>6,182,931</u>	<u>5,824,896</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(3,918,296)</u>	<u>(3,574,578)</u>	<u>(2,923,583)</u>
Other Financing Sources			
Notes Issued	<u>2,813,700</u>	<u>2,079,500</u>	<u>2,079,500</u>
<i>Net Change in Fund Balance</i>	(1,104,596)	(1,495,078)	(844,083)
<i>Fund Balance Beginning of Year</i>	1,249,741	1,249,741	1,249,741
Prior Year Encumbrances Appropriated	<u>632,931</u>	<u>632,931</u>	<u>632,931</u>
<i>Fund Balance End of Year</i>	<u><u>\$778,076</u></u>	<u><u>\$387,594</u></u>	<u><u>\$1,038,589</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual
	Original	Final	
Receipts			
Intergovernmental	\$146,273	\$168,000	\$180,528
Note Sales	300,000		
Interest	1,000	1,000	10,661
Miscellaneous			8,867
<i>Total Receipts</i>	<u>447,273</u>	<u>169,000</u>	<u>200,056</u>
Disbursements			
Current:			
Transportation	147,273	125,273	124,222
Capital Outlay	300,000	219,727	213,901
<i>Total Disbursements</i>	<u>447,273</u>	<u>345,000</u>	<u>338,123</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>0</u>	<u>(176,000)</u>	<u>(138,067)</u>
<i>Fund Balance Beginning of Year</i>	173,993	173,993	173,993
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$173,993</u></u>	<u><u>(\$2,007)</u></u>	<u><u>\$35,926</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PARKS & RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual
	Original	Final	
Receipts			
Miscellaneous	\$60,000	\$60,000	\$3,000
<i>Total Receipts</i>	<u>60,000</u>	<u>60,000</u>	<u>3,000</u>
Disbursements			
Current:			
Leisure Time Activities	24,802	24,224	18,244
Capital Outlay	195,134	195,134	12,395
Debt Service:			
Principal Retirement	170,000	170,000	170,000
Interest and Fiscal Charges	5,491	5,491	5,477
<i>Total Disbursements</i>	<u>395,427</u>	<u>394,849</u>	<u>206,116</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(335,427)</u>	<u>(334,849)</u>	<u>(203,116)</u>
Other Financing Sources			
Notes Issued	165,000	165,000	170,000
<i>Net Change in Fund Balance</i>	(170,427)	(169,849)	(33,116)
<i>Fund Balance Beginning of Year</i>	204,350	204,350	204,350
Prior Year Encumbrances Appropriated	24,935	24,935	24,935
<i>Fund Balance End of Year</i>	<u>\$58,858</u>	<u>\$59,436</u>	<u>\$196,169</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2006

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Other Enterprise Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$460,212	\$2,008,258	\$32,801	\$2,501,271
<i>Total Assets</i>	<u>\$460,212</u>	<u>\$2,008,258</u>	<u>\$32,801</u>	<u>\$2,501,271</u>
Net Assets				
Unrestricted	\$460,212	\$2,008,258	\$32,801	\$2,501,271
<i>Total Net Assets</i>	<u>\$460,212</u>	<u>\$2,008,258</u>	<u>\$32,801</u>	<u>\$2,501,271</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Funds	Other Enterprise Funds	
Operating Receipts				
Charges for Services	\$9,998	\$1,054,992	\$0	\$1,064,990
<i>Total Operating Receipts</i>	<u>9,998</u>	<u>1,054,992</u>	<u>0</u>	<u>1,064,990</u>
Operating Disbursements				
Purchased Services		155,534	225	155,759
Personal Services		74,839		74,839
Fringe Benefits	2,897	194,132		197,029
Contractual Services	25,426	167,256		192,682
Materials and Supplies	944	0		944
Other	0	751,520	362	751,882
<i>Total Operating Disbursements</i>	<u>29,267</u>	<u>1,343,281</u>	<u>587</u>	<u>1,373,135</u>
<i>Operating Loss</i>	(19,269)	(288,289)	(587)	(308,145)
Non-Operating Receipts (Disbursements)				
OWDA Loan Proceeds		740,780		740,780
State Grants		315,500		315,500
Note Sale		620,500		620,500
Note Retirement	(377,500)	(1,044,395)		(1,421,895)
Interest on Debt	(10,879)	(35,212)		(46,091)
<i>Total Non - Operating Receipts/Disbursements</i>	<u>(388,379)</u>	<u>597,173</u>	<u>0</u>	<u>208,794</u>
<i>Change in Net Assets</i>	(407,648)	308,884	(587)	(99,351)
<i>Net Assets Beginning of Year</i>	<u>867,860</u>	<u>1,699,374</u>	<u>33,388</u>	<u>2,600,622</u>
<i>Net Assets End of Year</i>	<u>\$460,212</u>	<u>\$2,008,258</u>	<u>\$32,801</u>	<u>\$2,501,271</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2006

	Private Purpose Trust Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$7,542</u>
Net Assets	
Restricted by Donor	<u>\$7,542</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUND
FOR YEAR ENDED DECEMBER 31, 2006

	Private Purpose Trust Fund
Additions	
Interest	\$292
Changes in Net Assets	292
Net Assets - Beginning of Year	7,250
Net Assets - End of Year	<u>\$7,542</u>

See Accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

Note 1 – Reporting Entity

The Village of Sunbury, Delaware 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, serves as the President of Council and votes only to break a tie.

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

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

The Village does not have any component units.

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the *modified* cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in a joint venture and two jointly governed organizations. Notes 14 and 15 to the financial statements provides additional information for these entities.

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

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. 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 modified cash balance 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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. 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 only major governmental funds are the General Fund, the Parks and Recreation Fund, and the Street Fund.

General Fund: 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.

Parks and Recreation Fund: This fund receives donations and other contributions for the purpose of park development.

Street Fund: This fund received gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing the Village streets.

All other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds.

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

Water Fund - The water fund consists of the remainder of funds in a fund that previously accounted for the provision of water to the citizens of Sunbury. As of September 2005, the Village no longer provides this service and the remaining

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

balance in this fund will be used to close out this function and then be placed in a capital projects fund to service the needs of the citizens of Sunbury.

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. The Village's private purpose trust fund accounts for donations designated for maintenance of cemetery plots. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village does not have any agency funds.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

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

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

During 2007 and 2006, the Village invested in government issued securities and STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

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 and 2006 were \$256,483 and \$211,876, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village did not have any restricted assets.

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.

VILLAGE OF SUNBURY
DELAWARE COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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 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 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.

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 use in street maintenance, park development, and cemetery maintenance.

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

N. Fund Balance Reserves

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

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.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

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 - Compliance

Contrary to Ohio Rev. Code Section 5705.41(D), the fiscal officer did not always certify the amounts required to meet any contract or expenditure that has been appropriated. The Village will take actions to eliminate violations of this Ohio Rev. Code Section by issuing purchase orders in a timely manner and utilizing then and now certificates when needed.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the *modified* cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). In 2007, the encumbrances outstanding at year end amounted to \$381,856 for the general fund, \$7,000 for the street fund, \$2,638 for the state highway fund, and \$1,633 for the cemetery fund. In 2006, the encumbrances outstanding at year end amounted to \$612,997 for the general fund, \$4,400 for the street fund, \$17,300 for the highway fund, \$9,066 for the cemetery fund, and \$616 for the parks and recreation fund.

Note 5 – Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by 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.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 5 – Deposits and Investments (continued)

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

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

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

Deposits

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, \$291,351 of the Village's bank balance of \$391,351 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, \$129,506 of the Village's bank balance of \$229,506 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 SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 5 - Deposits and Investments (continued)

Investments

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

	Carrying Value	Maturity	Credit Rating (Moody's & Standards and Poor's)
Star Ohio	5,025,536	Average	See below

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

	Carrying Value	Maturity	Credit Rating (Moody's & Standards and Poor's)
Federal National Mortgage Association	\$302,094	Immediately Available	Aaa/AAA
Star Ohio	4,102,622	Average	See below
Total Portfolio	<u>\$4,404,416</u>		

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

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. Federal National Mortgage Association securities are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee.

If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 6 – Income Taxes

The Village levies a 1.0 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. All income tax is collected by the Regional Income Tax Agency (RITA).

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, and 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. 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 real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, 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 taxes received in 2006 were levied after October 1, 2006, on the true value as of December 31, 2006. 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.

The full tax rate for all Village operations for the years ended December 31, 2007 and 2006, was \$2.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

Real Property	2007	2006
Residential	\$78,284,230	\$76,025,560
Commercial/Industrial/Mineral	25,478,730	24,517,050
Tangible Personal Property	4,873,838	9,768,893
Public Utility	1,698,310	2,030,990
Total Assessed Value	<u>\$110,335,108</u>	<u>\$112,342,493</u>

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 8 – Risk Management

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:

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

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

Note 9 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 9 – Defined Benefit Pension Plans (continued)

A. Ohio Public Employees Retirement System (continued)

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. 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.

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. 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 to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$92,648.48, \$109,047.61, and \$105,939 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. The Village's required contributions to OP&F for the years ended December 31, 2007, 2006, and 2005 were \$82,648.74, \$102,167.98, and \$93,746. The full amount has been contributed for 2007, 2006 and 2005.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

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. 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). 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 which 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 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 \$35,818.58, \$35,818.58 and \$31,274 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.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 10 - Postemployment Benefits (continued)

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to 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 percent of covered payroll for police.

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. 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 \$32,847.58 for the year ended December 31, 2007, \$40,605.22 for the year ended December 31, 2006, and \$37,258 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006, and 2005.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 11 - Notes Payable

A summary of the note transactions for the year ended December 31, 2006, follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
2005 US Bank	2.89%	\$2,889,000		\$2,889,000	\$0
2006 Chase Bank	3.75%	0	2,279,500		2,279,500
Total		<u>\$2,889,000</u>	<u>\$2,279,500</u>	<u>\$2,889,000</u>	<u>\$2,279,500</u>
<u>Business-type Activities</u>					
<u>Bond Anticipation Notes</u>					
2005 US Bank	2.89%	\$1,012,000		\$1,012,000	0
2006 Chase Bank	3.75%	0	620,500		620,500
Total		<u>\$1,012,000</u>	<u>\$620,500</u>	<u>\$1,012,000</u>	<u>\$620,500</u>

A summary of the note transactions for the year ended December 31, 2007, follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
2006 Chase Bank	3.75%	\$2,279,500		\$2,279,500	\$0
2007 Chase Bank	3.64%	0	2,575,000		2,575,000
Total		<u>\$2,079,500</u>	<u>\$2,575,000</u>	<u>\$2,079,500</u>	<u>\$2,575,000</u>
<u>Business-type Activities</u>					
<u>Bond Anticipation Notes</u>					
2006 Chase Bank	3.75%	\$620,500		\$620,500	0
2007 Chase Bank	3.64%	0	604,000		604,000
Total		<u>\$820,500</u>	<u>\$604,000</u>	<u>\$620,500</u>	<u>\$604,000</u>

All note proceeds had been spent or rolled over into subsequent bond anticipation notes at December 31, 2007. The bond anticipation notes issued in 2007 were used for various governmental and business activities. The bond anticipation notes are backed by the full faith and credit of the Village and mature within one year of issuance.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 12 – Debt

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

	Interest Rate	Balance December 31, 2005 (restated)	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
Promissory Notes 2003 Issue, \$85,770	3.25%	\$11,170		\$9,936	\$1,234	\$1,234
General Obligation Bonds 2003 Issue, \$199,000	3.00%	159,200		0	159,200	76,800
Total Governmental Activities		<u>\$170,370</u>	<u>\$0</u>	<u>\$9,936</u>	<u>\$160,434</u>	<u>\$78,034</u>
<u>Business-type Activities</u>						
Promissory Notes 2003 Issue, \$44,110	3.25%	\$13,800	\$0	\$13,072	\$728	\$728
1987 OWDA Loan, \$435,809	7.65%	208,730		23,647	185,083	25,453
2004 OWDA Loan, \$7,835,475	4.16%	7,032,890	740,780	315,500	7,458,170	66,820
1996 OWPC Loan, \$85,499	0%	42,750		4,275	38,475	4,275
1998 OPWC Loan, \$20,947	0%	104,731		41,891	62,840	41,893
Total Business-type Activities		<u>\$7,402,901</u>	<u>\$740,780</u>	<u>\$398,385</u>	<u>\$7,745,296</u>	<u>\$139,169</u>

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 12 – Debt (continued)

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

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental activities</u>						
Promissory Notes 2003 Issue, \$85,770	3.25%	\$1,234	\$0	\$1,234	\$0	\$0
General Obligation Bonds 2003 Issue, \$199,000	3.00%	159,200		76,800	82,400	76,800
		<u>\$160,434</u>	<u>\$0</u>	<u>\$78,034</u>	<u>\$82,400</u>	<u>\$76,800</u>
<u>Business-type Activities</u>						
Promissory Notes 2003 Issue, \$44,110	3.25%	\$728	\$0	\$728	\$0	\$0
1987 OWDA Loan, \$435,809	7.65%	185,083		25,450	159,633	27,401
2004 OWDA Loan, \$7,835,475	4.16%	7,458,170		66,820	7,391,350	137,838
1996 OWPC Loan, \$85,499	0%	38,475		4,275	34,200	4,275
1998 OPWC Loan, \$20,947	0%	62,840		41,893	20,947	20,947
Total Business-type Activities		<u>\$7,745,296</u>	<u>\$0</u>	<u>\$139,166</u>	<u>\$7,606,130</u>	<u>\$190,461</u>

The promissory notes were issued for the purchase of two police cruisers, a wastewater truck and a plow truck in 2003. The notes are repaid in monthly installments from the funds in which the vehicle purchases were made from over four years. The notes are secured by vehicles purchased.

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The Ohio Water Development Authority (OWDA) 1987 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 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.

In 2004 the Village entered into an agreement with the OWDA for the construction of a state sanitary sewer project. Construction began in 2004 and was completed in 2006. The loan will be repaid in semi annual payments over the next 30 years. Of the total amount of the loan

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 12 – Debt (continued)

\$377,018 of the loan proceeds have not been disbursed by OWDA as of December 31, 2007.

The Ohio Public Works Commission (OPWC) loans related capital improvements of the sewer plants. The loans will be repaid in semiannual installments over ten or twenty years. The loans are secured by sewer receipts.

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

Year	G.O. Bonds		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
2008	\$76,800	\$2,472	\$165,239	\$333,969	\$25,222
2009	5,600	168	173,129	326,080	4,275
2010			181,422	317,785	4,275
2011			190,142	309,065	4,275
2012			199,317	299,895	4,275
2013 - 2017			920,970	1,377,010	12,825
2018 - 2022			1,131,494	1,166,485	
2023 - 2027			1,390,140	907,838	
2028 – 2032			1,707,911	590,067	
2033 – 2037			1,868,723	199,657	
Total	\$82,400	\$2,640	\$7,928,487	\$5,827,851	\$55,147

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$10,556,974 and an unvoted debt margin of \$5,529,844.

Note 13 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 14 – Joint Ventures

The Village of Sunbury Community Park is a joint venture between the Big Walnut Board of Education and the Village of Sunbury. The joint venture agreement was entered into for the purpose of development of an elementary school and an adjacent community park. The legislative and advisory body is made up of one member appointed by the school, one member appointed by the Village and an agreed upon third member. The Village committed 21 acres of the development for the school and park and the district has committed \$1.4 million to development of the park.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 15 – Jointly Governed Organizations

The Berkshire Township, the Village of Sunbury, Trenton Township, and the Village of Galena appoint one member to the Board of Trustees of the B.S.T.&G. Joint Fire District. The B.S.T. &G. Joint Fire District provides fire protection and rescue services within the District.

The Big Walnut Local School District, the Village of Galena, the Village of Sunbury, Berkshire Township, Genoa Township, Harlem Township, Kingston Township, Porter Township, and Trenton Township appoint one member to the Board of Eastern Delaware County Joint Recreation District. The degree of control exercised by the Village is limited to its representation on the Board.

Note 16 – Subsequent Events

On April 1, 2008, the Village issued Bond Anticipation Notes in the amount of \$3,546,000 to retire outstanding notes.

In June of 2008 the Village entered into a Tax Increment Financing Agreement for the Sunbury Mills Plaza Shopping Center. In addition the Village's General Fund temporarily advanced funds to the Sunbury Mills Plaza TIF Fund to cover the construction costs incurred by the Village for the Sunbury Mills Plaza Shopping Center to be reimbursed in future years when bonds are issued.

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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 Sunbury
Delaware County
9 East Granville Street
Sunbury, Ohio 43074

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Sunbury, Delaware 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 August 15, 2008. 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 opinions 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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

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, we believe finding number 2007-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated August 15, 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-002.

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 August 15, 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 audit committee, management, and Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 15, 2008

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Significant Deficiency/Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Sixty-eight audit reclassifications were posted to the Village's December 31, 2007 and 2006 financial statements to accurately reflect account balances. These reclassifications ranged from \$24 to \$740,780. Below are descriptions of the errors included on the financial statements provided by the client.

1. Principal retirement and interest and fiscal charges were not properly classified within the funds that were responsible for debt repayment.
2. Reserved for Special Revenue Funds and Reserved for Capital Projects Funds was not properly reported on the 2006 and 2007 Statements of Cash Basis Assets and Fund Balance.
3. Restricted Net Assets for Other Purposes and Restricted Net Assets by Donor was not properly reported on the 2006 and 2007 Statements of Net Assets.
4. Various amounts reported on the Budget versus Actual Statements did not agree with the Certificate of Estimated Resources filed with the County Auditor and did not properly report prior year encumbrances and current year outstanding encumbrances.

In addition there were audit adjustments and reclassifications noted that were inconsequential to the overall financial statements of the Village and were not posted to the December 31, 2007 and 2006 financial statements. These adjustments and reclassifications included posting interest receipts in the year in which they were collected by the Village and proper classification of property tax receipts, income tax receipts, and intergovernmental receipts.

The adjustments and reclassifications identified during the audit should be reviewed by the fiscal officer to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Village should adopt policies and procedures, including a final review of the financial statements and note disclosures by the fiscal officer and governing board, to identify and correct errors and omissions.

Official's Response:

We will review all reclassifications and other errors pointed out by the auditors and take steps to prevent their recurrence. We will implement the final review process recommended by the Auditor of State.

VILLAGE OF SUNBURY
DELAWARE 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

Noncompliance Citation

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village's fiscal officer can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Thirteen percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**VILLAGE OF SUNBURY
DELAWARE 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)
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**FINDING NUMBER 2007-002
(continued)**

Noncompliance Citation

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village's fiscal officer certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response:

The recommendations of the Auditor of State are already a part of both our procedures and our daily routine. The auditor noted that there has been significant reduction in exceptions since the last audit and we will continue to emphasize the importance of this requirement until all exceptions are eliminated.

**VILLAGE OF SUNBURY
DELAWARE 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; <i>Explain</i>
2005-001	Finding for Recovery-Repaid Under Audit-Compensatory Time	Yes	Fully Corrected, repaid under audit.
2005-002	Ohio Rev. Code § 5705.41(D)(1) - not properly certifying availability of funds prior to incurring obligations.	No	Not Corrected; Re-issued as Finding 2007-002



Mary Taylor, CPA
Auditor of State

VILLAGE OF SUNBURY

DELAWARE 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
SEPTEMBER 30, 2008**