

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

*Financial Statements*  
(Audited)

For The Year Ended  
December 31, 2008

**KEN SALAK, FINANCE DIRECTOR**





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of Groveport  
655 Blacklick Street  
Groveport, Ohio 43125

We have reviewed the *Independent Auditor's Report* of the Village of Groveport, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Groveport is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 14, 2010

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**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's Report**

Members of Council and Mayor  
Village of Groveport  
Franklin County  
655 Blacklick Street  
Groveport, Ohio 43125

To the Members of Council and Mayor:

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 Groveport, Franklin County, Ohio, as of and for the year ended December 31, 2008, which collectively comprise the Village of Groveport's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Groveport'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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Groveport, Franklin County, Ohio, as of December 31, 2008 and the respective changes in financial position and the respective budgetary comparison for the General Fund thereof and for the year 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 September 17, 2010, on our consideration of the Village of Groveport'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.

Members of Council and Mayor  
Village of Groveport  
Page Two

The 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 of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
September 17, 2010

## VILLAGE OF GROVEPORT, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

The management's discussion and analysis of the Village of Groveport's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2008, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Village's financial performance.

#### **Financial Highlights**

Key financial highlights for 2008 are as follows:

- The total net cash assets of the Village increased \$404,468. Net cash assets of governmental activities increased \$661,947, which represents a 16.41% increase from fiscal year 2007. Net cash assets of business-type activities decreased \$257,479 or 14.92% from fiscal year 2007.
- General cash receipts accounted for \$16,670,894 or 81.38% of total governmental activities cash receipts. Program specific cash receipts accounted for \$3,814,889 or 18.62% of total governmental activities cash receipts.
- The Village had \$19,823,836 in cash disbursements related to governmental activities; \$3,814,889 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$16,670,894 were adequate to provide for these programs.
- The Village's major governmental funds are the general fund, debt service fund and capital improvement fund. The general fund had cash receipts of \$12,415,766 in 2008. The cash disbursements and other financing disbursements of the general fund totaled \$10,519,794 in 2008. The general fund's cash balance increased \$1,895,972 from 2007 to 2008.
- The debt service fund had cash receipts and other financing receipts of \$6,575,889 in 2008. The debt service fund had cash disbursements of \$6,620,638 in 2008. The debt service fund cash balance decreased \$44,749 from 2007 to 2008.
- The capital improvement fund had cash receipts and other financing receipts of \$1,068,986 in 2008. The capital improvement fund had cash disbursements of \$2,231,476 in 2008. The capital improvement fund cash balance decreased \$1,162,490 from 2007 to 2008.
- The Village's major business-type activities funds are the water and sewer fund. Net cash assets of business-type activities decreased \$257,479 or 14.92% from fiscal year 2007.

#### **Using this Basic Financial Statements (BFS)**

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

The statement of net assets - cash basis and statement of activities - cash basis provide information about the activities of the whole Village, presenting an aggregate view of the Village's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Village's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Village, there are three major governmental funds.

## VILLAGE OF GROVEPORT, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

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

##### *Statement of Net Assets and the Statement of Activities*

The statement of net assets - cash basis and statement of activities - cash basis answer the question, "How did we do financially during 2008?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Village's net assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Village as a whole, the cash basis financial position of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, income tax receipts, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net assets - cash basis and statement of activities - cash basis, the Village is divided into two distinct kinds of activities. Governmental Activities - Most of the Village's programs and services are reported here including security of person and property, public health services, leisure time activities, transportation and general government. Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The Village's water and sewer enterprise funds are reported as business activities.

The statement of net assets - cash basis and statement of activities - cash basis can be found on pages 13-15 of this report.

#### **Reporting the Village's Most Significant Funds**

##### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Village's most significant funds. The Village's major governmental funds are the general fund, debt service fund and capital improvements fund. The analysis of the Village's major governmental funds begins on page 10.

## **VILLAGE OF GROVEPORT, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008**

#### ***Governmental Funds***

Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Village programs. Since the Village is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the fund financial statements to the statement of activities - cash basis due to transfers between governmental funds being eliminated for reporting in the statement of activities - cash basis. The governmental fund statements can be found on pages 16-17 of this report.

The Village's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the Village's compliance with annually adopted budgets. The budgetary statement can be found on page 18 of this report.

#### ***Proprietary Funds***

The Village maintains one type of proprietary fund. Enterprise funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the Village as a whole. The Village uses enterprise funds to account for its water and sewer operations. The enterprise fund statements can be found on pages 19-20 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village's only fiduciary fund is an agency fund. Only the cash held at year end for the agency funds is reported. The fiduciary fund statement can be found on page 21 of this report.

#### ***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-40 of this report.

**VILLAGE OF GROVEPORT, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**Government-Wide Financial Analysis**

Recall that the statement of net assets - cash basis provides the perspective of the Village as a whole.

The table below provides a summary of the Village's net cash assets for 2008.

	<b>Net Cash Assets</b>					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	Total
	2008	2008	2007	2007	2008	2007
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 4,694,840	\$ 1,468,387	\$ 4,032,893	\$ 1,725,866	\$ 6,163,227	\$ 5,758,759
Total assets	<u>4,694,840</u>	<u>1,468,387</u>	<u>4,032,893</u>	<u>1,725,866</u>	<u>6,163,227</u>	<u>5,758,759</u>
<u>Net cash assets</u>						
Restricted	886,306	-	2,457,509	-	886,306	2,457,509
Unrestricted	<u>3,808,534</u>	<u>1,468,387</u>	<u>1,575,384</u>	<u>1,725,866</u>	<u>5,276,921</u>	<u>3,301,250</u>
Total net cash assets	<u>\$ 4,694,840</u>	<u>\$ 1,468,387</u>	<u>\$ 4,032,893</u>	<u>\$ 1,725,866</u>	<u>\$ 6,163,227</u>	<u>\$ 5,758,759</u>

The total net cash assets of the Village increased \$404,468. Net cash assets of governmental activities increased \$661,947, which represents a 16.41% increase from fiscal year 2007. Net cash assets of business-type activities decreased \$257,479 or 14.92% from fiscal year 2007.

The balance of government-wide unrestricted net cash assets of \$5,276,921 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table shows the change in net assets for the years 2008 and 2007.

**VILLAGE OF GROVEPORT, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**Change in Net Cash Assets**

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2008	2007	2008	2007	2008	2007
<b>Cash receipts:</b>						
Program cash receipts:						
Charges for services and sales	\$ 2,376,032	\$ 2,580,932	\$ 991,898	\$ 1,096,735	\$ 3,367,930	\$ 3,677,667
Operating grants and contributions	689,671	582,150	-	-	689,671	582,150
Capital grants and contributions	749,186	34,000	-	-	749,186	34,000
Total program cash receipts	<u>3,814,889</u>	<u>3,197,082</u>	<u>991,898</u>	<u>1,096,735</u>	<u>4,806,787</u>	<u>4,293,817</u>
General cash receipts:						
Property and other taxes	289,025	310,219	-	-	289,025	310,219
Income tax	11,042,582	9,382,087	-	-	11,042,582	9,382,087
Unrestricted grants	319,023	318,352	-	-	319,023	318,352
Sale of notes	4,600,000	4,900,000	600,000	600,000	5,200,000	5,500,000
Premium on note issue	40,020	36,260	3,522	2,484	43,542	38,744
Proceeds of OPWC loans	19,800	-	-	-	19,800	-
Investment earnings	232,609	251,888	-	-	232,609	251,888
Other	127,835	88,793	3,356	-	131,191	88,793
Total general cash receipts	<u>16,670,894</u>	<u>15,287,599</u>	<u>606,878</u>	<u>602,484</u>	<u>17,277,772</u>	<u>15,890,083</u>
Total cash receipts	<u>20,485,783</u>	<u>18,484,681</u>	<u>1,598,776</u>	<u>1,699,219</u>	<u>22,084,559</u>	<u>20,183,900</u>
<b>Cash disbursements:</b>						
Current:						
Security of persons and property	2,104,084	2,097,850	-	-	2,104,084	2,097,850
Public health services	54,943	32,145	-	-	54,943	32,145
Leisure time activities	4,244,080	3,677,553	-	-	4,244,080	3,677,553
Community environment	439,819	441,479	-	-	439,819	441,479
Transportation	901,939	897,868	-	-	901,939	897,868
General government	3,003,294	2,790,725	-	-	3,003,294	2,790,725
Economic development	193,284	201,702	-	-	193,284	201,702
Capital outlay	2,103,280	790,977	-	-	2,103,280	790,977
Debt service:						
Principal retirement	5,899,965	5,715,270	-	-	5,899,965	5,715,270
Interest and fiscal charges	860,983	862,415	-	-	860,983	862,415
Note issuance costs	18,165	-	-	-	18,165	-
Water	-	-	1,077,389	785,913	1,077,389	785,913
Sewer	-	-	778,866	713,619	778,866	713,619
Total cash disbursements	<u>19,823,836</u>	<u>17,507,984</u>	<u>1,856,255</u>	<u>1,499,532</u>	<u>21,680,091</u>	<u>19,007,516</u>
Change in net cash assets	661,947	976,697	(257,479)	199,687	404,468	1,176,384
Net cash assets at beginning of year	<u>4,032,893</u>	<u>3,056,196</u>	<u>1,725,866</u>	<u>1,526,179</u>	<u>5,758,759</u>	<u>4,582,375</u>
Net cash assets at end of year	<u>\$ 4,694,840</u>	<u>\$ 4,032,893</u>	<u>\$ 1,468,387</u>	<u>\$ 1,725,866</u>	<u>\$ 6,163,227</u>	<u>\$ 5,758,759</u>

## VILLAGE OF GROVEPORT, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

#### Governmental Activities

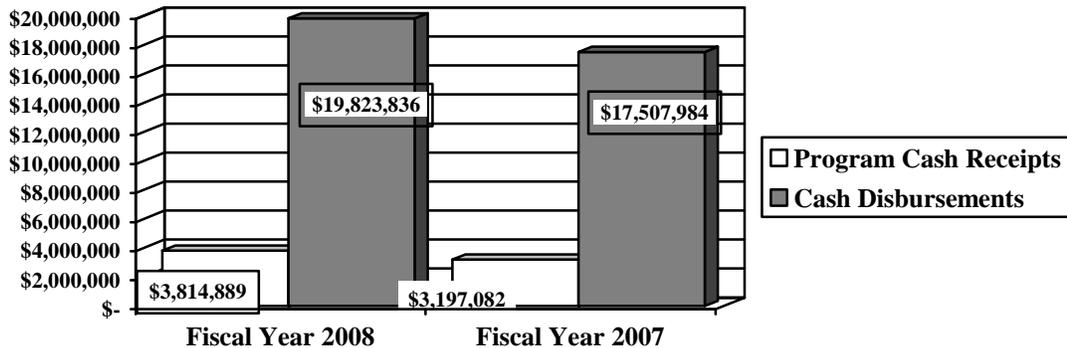
Governmental cash assets increased by \$661,947 in 2008 from 2007.

General government represents activities related to the governing body as well as activities that directly support Village programs. In 2008, leisure time activities disbursements totaled \$4,244,080, or 21.41% of total governmental cash disbursements. Leisure time activities programs were supported by \$2,093,723 in direct charges to users for services.

The Village program, security of person and property, accounted for \$2,104,084 or 10.61% of total governmental cash disbursements. General government programs totaled \$3,003,294 or 15.15% of total cash disbursements. These service programs are primarily supported by user fees, and state and federal grants. The Village program, transportation, accounted for \$901,939 or 4.55% of total governmental cash disbursements. The transportation service programs are primarily supported by operating grants and contributions totaling \$581,739.

The graph below presents the Village's governmental activities program cash receipts versus total cash disbursements.

**Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements**



**VILLAGE OF GROVEPORT, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

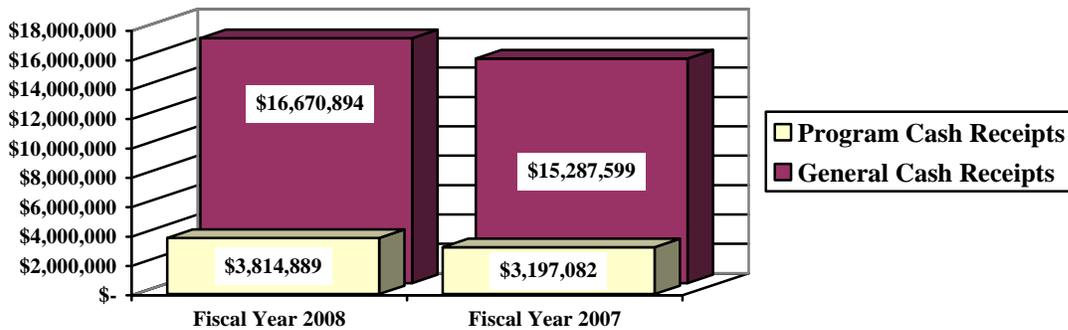
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2008. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

	<b>Governmental Activities</b>			
	<u>2008</u>		<u>2007</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Cash disbursements:				
Current:				
Security of persons and property	\$ 2,104,084	\$ 2,058,186	\$ 2,097,850	\$ 2,050,488
Public health services	54,943	37,285	32,145	20,139
Leisure time activities	4,244,080	2,150,357	3,677,553	1,531,480
Community environment	439,819	237,735	441,479	101,847
Transportation	901,939	320,200	897,868	335,468
General government	3,003,294	2,878,693	2,790,725	2,735,116
Economic development	193,284	193,284	201,702	201,702
Capital outlay	2,103,280	1,354,094	790,977	756,977
Debt service:				
Principal retirement	5,899,965	5,899,965	5,715,270	5,715,270
Interest and fiscal charges	860,983	860,983	862,415	862,415
Note issuance costs	18,165	18,165	-	-
<b>Total</b>	<b><u>\$ 19,823,836</u></b>	<b><u>\$ 16,008,947</u></b>	<b><u>\$ 17,507,984</u></b>	<b><u>\$ 14,310,902</u></b>

The dependence upon general cash receipts for governmental activities is apparent; with 80.76% of cash disbursements supported through taxes and other general cash receipts during 2008.

The graph below presents the Village's governmental activities receipts for 2008 and 2007.

**Governmental Activities - General and Program Cash Receipts**



**VILLAGE OF GROVEPORT, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**Business-Type Activities**

The water and sewer funds are the Village's major enterprise funds. These programs had cash receipts of \$1,598,776 and cash disbursements of \$1,856,255 for 2008. The net cash assets of the programs decreased \$257,479 or 14.92% from 2007.

**Financial Analysis of the Government's Funds**

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The Village's governmental funds are accounted for using the cash basis of accounting.

The Village's governmental funds reported a combined fund cash balance of \$4,694,840, which is \$661,947 above last year's total of \$4,032,893. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2008 and December 31, 2007, for all major and non-major governmental funds.

	Fund Cash Balance (Deficit) <u>December 31, 2008</u>	Fund Cash Balance <u>December 31, 2007</u>	Increase (Decrease)
General	\$ 3,629,334	\$ 1,733,362	\$ 1,895,972
Debt service	(44,749)	-	(44,749)
Capital improvements	419,078	1,581,568	(1,162,490)
Other nonmajor governmental funds	<u>691,177</u>	<u>717,963</u>	<u>(26,786)</u>
Total	<u>\$ 4,694,840</u>	<u>\$ 4,032,893</u>	<u>\$ 661,947</u>

**General Fund**

The general fund, the Village's largest major fund, had cash receipts of \$12,415,766 in 2008. The cash disbursements and other financing disbursements of the general fund totaled \$10,519,794 in 2008. The general fund's cash balance increased \$1,895,972 from 2007 to 2008. The table that follows assists in illustrating the cash receipts of the general fund.

	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
<b><u>Cash receipts:</u></b>			
Income taxes	\$ 9,112,618	\$ 7,502,873	21.46 %
Property and other taxes	289,025	310,219	(6.83) %
Intergovernmental	319,023	318,352	0.21 %
Charges for services	2,137,817	2,110,878	1.28 %
Fines and forfeitures	219,206	375,905	(41.69) %
Investment income	223,383	242,005	(7.69) %
Other	<u>114,694</u>	<u>88,793</u>	29.17 %
Total	<u>\$ 12,415,766</u>	<u>\$ 10,949,025</u>	13.40 %

**VILLAGE OF GROVEPORT, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

Income tax receipts increased 21.46% due to a large increase in corporate income taxes and a number of large construction projects undertaken in 2008. Property taxes decreased 6.83%, which is primarily due to lower assessed property valuations. Fines and forfeitures receipts decreased 41.69% due to fewer building permits issued in 2008. Investment income decreased 7.69% due to lower interest rates during the year. All other revenues remained comparable to 2007 levels.

The table that follows assists in illustrating the cash disbursements of the general fund.

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash disbursements:</u></b>			
Security of persons and property	\$ 2,103,763	\$ 2,075,824	1.35 %
Public health service	54,943	32,145	70.92 %
Leisure time activity	4,013,528	3,655,035	9.81 %
Community environment	424,744	416,344	2.02 %
Transportation	131,718	485,035	(72.84) %
General government	2,943,411	2,788,565	5.55 %
Economic development	193,284	201,702	(4.17) %
Debt service	<u>30,279</u>	<u>81,951</u>	(63.05) %
Total	<u>\$ 9,895,670</u>	<u>\$ 9,736,601</u>	1.63 %

Public health service disbursements increased 70.92% as a result of higher County Health District fees. The large decrease in transportation disbursements can be attributed to lower disbursements in public service activities related to transportation. Disbursements for leisure time activities increased 9.81% which is due to the Village's spending on the Recreation Center and senior transportation programs. Debt service disbursements, which are related to the payments on several of the Village's leases, decreased in 2008. All other cash disbursements remained comparable to 2007 levels.

***Debt Service Fund***

The debt service fund had cash receipts and other financing receipts of \$6,575,889 in 2008. The debt service fund had cash disbursements of \$6,620,638 in 2008. The debt service fund cash balance decreased \$44,749 from 2007 to 2008.

***Capital Improvement Fund***

The capital improvement fund had cash receipts and other financing receipts of \$1,068,986 in 2008. The capital improvement fund had cash disbursements of \$2,231,476 in 2008. The capital improvement fund cash balance decreased \$1,162,490 from 2007 to 2008.

***Budgeting Highlights - General Fund***

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

General fund original budgeted revenues were \$10,724,321 and final budgeted revenues were \$10,624,657. Actual revenues for fiscal year 2008 totaled \$12,415,766. This represents a \$1,791,109 increase over final budgeted revenues.

## VILLAGE OF GROVEPORT, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

General fund original appropriations of \$11,176,218 were increased to \$11,597,224 in the final budget. The actual budget basis expenditures for fiscal year 2008 totaled \$10,663,745, which is lower than the final budget appropriations by \$933,479.

#### **Capital Assets and Debt Administration**

##### *Capital Assets*

The Village does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Village had capital outlay disbursements of \$2,206,632 during fiscal year 2008.

##### *Debt Administration*

The Village had the following long-term obligations outstanding at December 31, 2008 and 2007:

	2008 Governmental Activities	2007 Governmental Activities
Income tax revenue bonds	\$ 12,715,000	\$ 13,385,000
Notes payable	4,600,000	4,900,000
OPWC loans	1,030,144	1,099,842
Capital lease payable	<u>662,756</u>	<u>817,145</u>
Total long-term obligations	<u>\$ 19,007,900</u>	<u>\$ 20,201,987</u>
	Business-Type Activities	Business-Type Activities
Water system improvement note	<u>\$ 600,000</u>	<u>\$ 600,000</u>
Total long-term obligations	<u>\$ 600,000</u>	<u>\$ 600,000</u>

#### **Economic Conditions and Outlook**

The Village of Groveport had a record year in income tax collections in 2008, as income tax receipts accounted for 73.3% of all general fund receipts. Local government funding from the State of Ohio decreased by about 16% and is expected to continue to decrease due to budget deficits at the State level. The Village is anticipating a possible downturn in 2009 due to the current recessionary trend.

The Village's industrial and commercial area has grown to 14.5 million square feet, with the addition of a 936,000 square foot building in 2008 by Duke Realty. This area currently houses Toys-R-Us, Gap, Eddie Bauer, Yokohama Tire, Cardinal Health, Build A Bear, Kubota, McGraw Hill and Delphi. The bulk of the Village's tenants are retail or auto industry based.

#### **Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Mr. Ken Salak, Finance Director, 655 Blacklick Street, Groveport, Ohio 43125.

**CASH BASIS BASIC  
FINANCIAL STATEMENTS**

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**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 4,694,840	\$ 1,468,387	\$ 6,163,227
Total assets. . . . .	<u>4,694,840</u>	<u>1,468,387</u>	<u>6,163,227</u>
<b>Net cash assets:</b>			
Restricted for:			
Capital projects. . . . .	194,435	-	194,435
Street construction . . . . .	141,380	-	141,380
State highway . . . . .	264,632	-	264,632
Parks and recreation . . . . .	127,500	-	127,500
Security of persons and property . . . . .	19,150	-	19,150
Other purposes . . . . .	139,209	-	139,209
Unrestricted . . . . .	<u>3,808,534</u>	<u>1,468,387</u>	<u>5,276,921</u>
Total net cash assets . . . . .	<u>\$ 4,694,840</u>	<u>\$ 1,468,387</u>	<u>\$ 6,163,227</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>		
		<u>Charges for</u> <u>Services</u>	<u>Operating Grants</u> <u>and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>
<b>Governmental activities:</b>				
Current:				
Security of persons and property . . . . .	\$ 2,104,084	\$ 45,898	\$ -	\$ -
Public health services . . . . .	54,943	17,658	-	-
Leisure time activities . . . . .	4,244,080	2,093,723	-	-
Community environment . . . . .	439,819	181,741	20,343	-
Transportation. . . . .	901,939	-	581,739	-
General government. . . . .	3,003,294	37,012	87,589	-
Economic development . . . . .	193,284	-	-	-
Capital outlay. . . . .	2,103,280	-	-	749,186
Debt service:				
Principal retirement. . . . .	5,899,965	-	-	-
Interest and fiscal charges . . . . .	860,983	-	-	-
Note issuance costs . . . . .	18,165	-	-	-
<b>Total governmental activities . . . . .</b>	<b>19,823,836</b>	<b>2,376,032</b>	<b>689,671</b>	<b>749,186</b>
<b>Business-Type activities:</b>				
Water . . . . .	1,077,389	396,065	-	-
Sewer . . . . .	778,866	595,833	-	-
<b>Total business-type activities . . . . .</b>	<b>1,856,255</b>	<b>991,898</b>	<b>-</b>	<b>-</b>
<b>Totals . . . . .</b>	<b>\$ 21,680,091</b>	<b>\$ 3,367,930</b>	<b>\$ 689,671</b>	<b>\$ 749,186</b>

**General cash receipts:**

Property and other taxes levied for:

General purposes . . . . .

Income taxes levied for:

General purposes . . . . .

Debt services . . . . .

Grants and entitlements not restricted to specific programs. . . . .

Sale of notes . . . . .

Premium on notes . . . . .

Proceeds of OPWC loans . . . . .

Investment receipts . . . . .

Miscellaneous . . . . .

Total general cash receipts. . . . .

Change in net cash assets . . . . .

**Net cash assets at beginning of year. . . . .**

**Net cash assets at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,058,186)	\$ -	\$ (2,058,186)
(37,285)	-	(37,285)
(2,150,357)	-	(2,150,357)
(237,735)	-	(237,735)
(320,200)	-	(320,200)
(2,878,693)	-	(2,878,693)
(193,284)	-	(193,284)
(1,354,094)	-	(1,354,094)
(5,899,965)	-	(5,899,965)
(860,983)	-	(860,983)
(18,165)	-	(18,165)
<u>(16,008,947)</u>	<u>-</u>	<u>(16,008,947)</u>
-	(681,324)	(681,324)
-	(183,033)	(183,033)
-	(864,357)	(864,357)
<u>(16,008,947)</u>	<u>(864,357)</u>	<u>(16,873,304)</u>
289,025	-	289,025
9,112,618	-	9,112,618
1,929,964	-	1,929,964
319,023	-	319,023
4,600,000	600,000	5,200,000
40,020	3,522	43,542
19,800	-	19,800
232,609	-	232,609
127,835	3,356	131,191
<u>16,670,894</u>	<u>606,878</u>	<u>17,277,772</u>
661,947	(257,479)	404,468
<u>4,032,893</u>	<u>1,725,866</u>	<u>5,758,759</u>
<u>\$ 4,694,840</u>	<u>\$ 1,468,387</u>	<u>\$ 6,163,227</u>

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES/(DEFICIT)  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008

	<b>General</b>	<b>Debt Service</b>	<b>Capital Improvement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Equity in pooled cash and investments . . . . .	\$ 3,629,334	\$ (44,749)	\$ 419,078	\$ 691,177	\$ 4,694,840
Total assets . . . . .	<u>\$ 3,629,334</u>	<u>\$ (44,749)</u>	<u>\$ 419,078</u>	<u>\$ 691,177</u>	<u>\$ 4,694,840</u>
<b>Fund cash balances/(deficit):</b>					
Reserved for encumbrances. . . . .	\$ 143,951	\$ -	\$ 201,652	\$ 16,693	\$ 362,296
Unreserved, undesignated, reported in:					
General fund. . . . .	3,485,383	-	-	-	3,485,383
Special revenue funds . . . . .	-	-	-	674,484	674,484
Debt service funds. . . . .	-	(44,749)	-	-	(44,749)
Capital projects funds . . . . .	-	-	217,426	-	217,426
Total fund cash balances/(deficit). . . . .	<u>\$ 3,629,334</u>	<u>\$ (44,749)</u>	<u>\$ 419,078</u>	<u>\$ 691,177</u>	<u>\$ 4,694,840</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES/(DEFICIT)  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash receipts:</b>					
Municipal income taxes . . . . .	\$ 9,112,618	\$ 1,929,964	\$ -	\$ -	\$ 11,042,582
Property and other taxes . . . . .	289,025	-	-	-	289,025
Intergovernmental. . . . .	319,023	-	749,186	689,671	1,757,880
Charges for services . . . . .	2,137,817	-	-	11,838	2,149,655
Fines and forfeitures . . . . .	219,206	-	-	7,171	226,377
Interest income . . . . .	223,383	-	-	9,226	232,609
Other. . . . .	114,694	5,905	-	7,236	127,835
Total cash receipts. . . . .	<u>12,415,766</u>	<u>1,935,869</u>	<u>749,186</u>	<u>725,142</u>	<u>15,825,963</u>
<b>Cash disbursements:</b>					
Current:					
Security of persons and property. . . . .	2,103,763	-	-	321	2,104,084
Public health services . . . . .	54,943	-	-	-	54,943
Leisure time activities . . . . .	4,013,528	-	-	230,552	4,244,080
Community environment. . . . .	424,744	-	-	15,075	439,819
Transportation . . . . .	131,718	-	-	770,221	901,939
General government . . . . .	2,943,411	-	-	59,883	3,003,294
Economic development . . . . .	193,284	-	-	-	193,284
Capital outlay . . . . .	-	-	2,103,280	-	2,103,280
Debt service:					
Principal retirement . . . . .	28,061	5,757,555	114,349	-	5,899,965
Interest and fiscal charges . . . . .	2,218	844,918	13,847	-	860,983
Note issuance costs . . . . .	-	18,165	-	-	18,165
Total cash disbursements . . . . .	<u>9,895,670</u>	<u>6,620,638</u>	<u>2,231,476</u>	<u>1,076,052</u>	<u>19,823,836</u>
Excess (deficiency) of cash receipts over (under) cash disbursements . . . . .	<u>2,520,096</u>	<u>(4,684,769)</u>	<u>(1,482,290)</u>	<u>(350,910)</u>	<u>(3,997,873)</u>
<b>Other financing receipts (disbursements):</b>					
Note issuance. . . . .	-	4,600,000	-	-	4,600,000
Premium on notes . . . . .	-	40,020	-	-	40,020
Proceeds of OPWC loans. . . . .	-	-	19,800	-	19,800
Transfers in. . . . .	-	-	300,000	324,124	624,124
Transfers out . . . . .	(624,124)	-	-	-	(624,124)
Total other financing receipts (disbursements) . . . . .	<u>(624,124)</u>	<u>4,640,020</u>	<u>319,800</u>	<u>324,124</u>	<u>4,659,820</u>
Net change in fund cash balances . . . . .	1,895,972	(44,749)	(1,162,490)	(26,786)	661,947
<b>Fund cash balances at beginning of year . . . . .</b>	<u>1,733,362</u>	<u>-</u>	<u>1,581,568</u>	<u>717,963</u>	<u>4,032,893</u>
<b>Fund cash balances/(deficit) at end of year . . . . .</b>	<u>\$ 3,629,334</u>	<u>\$ (44,749)</u>	<u>\$ 419,078</u>	<u>\$ 691,177</u>	<u>\$ 4,694,840</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Municipal income taxes . . . . .	\$ 7,777,467	\$ 7,705,187	\$ 9,112,618	\$ 1,407,431
Property and other taxes . . . . .	257,246	254,856	289,025	34,169
Intergovernmental . . . . .	283,946	281,307	319,023	37,716
Charges for services . . . . .	1,902,761	1,885,078	2,137,817	252,739
Fines and forfeitures . . . . .	195,104	193,291	219,206	25,915
Interest income . . . . .	205,714	203,803	223,383	19,580
Other . . . . .	102,083	101,135	114,694	13,559
Total budgetary basis receipts . . . . .	<u>10,724,321</u>	<u>10,624,657</u>	<u>12,415,766</u>	<u>1,791,109</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Security of persons and property . . . . .	2,289,481	2,375,726	2,107,432	268,294
Public health services . . . . .	63,492	65,883	58,443	7,440
Leisure time activities . . . . .	4,399,853	4,466,413	4,047,302	419,111
Community environment . . . . .	461,435	478,817	424,744	54,073
Transportation . . . . .	141,279	146,601	130,045	16,556
General government . . . . .	2,902,379	3,112,034	3,048,092	63,942
Economic development . . . . .	209,981	217,891	193,284	24,607
Debt service:				
Principal retirement . . . . .	28,061	28,061	28,061	-
Interest and fiscal charges . . . . .	2,218	2,218	2,218	-
Total budgetary basis disbursements . . . . .	<u>10,498,179</u>	<u>10,893,644</u>	<u>10,039,621</u>	<u>854,023</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>226,142</u>	<u>(268,987)</u>	<u>2,376,145</u>	<u>2,645,132</u>
<b>Other financing (disbursements):</b>				
Transfers out . . . . .	(678,039)	(703,580)	(624,124)	79,456
Total other financing (disbursements) . . . . .	<u>(678,039)</u>	<u>(703,580)</u>	<u>(624,124)</u>	<u>79,456</u>
Net change in fund cash balance . . . . .	(451,897)	(972,567)	1,752,021	2,724,588
<b>Fund cash balance at beginning of year . . . . .</b>	1,646,887	1,646,887	1,646,887	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>86,475</u>	<u>86,475</u>	<u>86,475</u>	<u>-</u>
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 1,281,465</u>	<u>\$ 760,795</u>	<u>\$ 3,485,383</u>	<u>\$ 2,724,588</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS  
ENTERPRISE FUNDS  
DECEMBER 31, 2008

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and investments. . . . .	\$ 441,428	\$ 1,026,959	\$ 1,468,387
Total assets . . . . .	441,428	1,026,959	1,468,387
<b>Net cash assets:</b>			
Unrestricted. . . . .	441,428	1,026,959	1,468,387
Total net cash assets. . . . .	\$ 441,428	\$ 1,026,959	\$ 1,468,387

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH ASSETS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating cash receipts:</b>			
Charges for services . . . . .	\$ 396,065	\$ 595,833	\$ 991,898
Total operating cash receipts . . . . .	<u>396,065</u>	<u>595,833</u>	<u>991,898</u>
<b>Operating cash disbursements:</b>			
Personal services . . . . .	310,837	56,040	366,877
Contractual services . . . . .	24,659	686,495	711,154
Materials and supplies . . . . .	27,408	19,794	47,202
Capital outlay . . . . .	86,815	16,537	103,352
Total operating cash disbursements . . . . .	<u>449,719</u>	<u>778,866</u>	<u>1,228,585</u>
Operating cash receipts under operating cash disbursements . . . . .	<u>(53,654)</u>	<u>(183,033)</u>	<u>(236,687)</u>
<b>Nonoperating cash receipts (disbursements):</b>			
Note issuance . . . . .	600,000	-	600,000
Premium on notes . . . . .	3,522	-	3,522
Note issuance cost . . . . .	(2,170)	-	(2,170)
Debt Service:			
Principal . . . . .	(600,000)	-	(600,000)
Interest and other fiscal charges . . . . .	(25,500)	-	(25,500)
Other nonoperating revenue . . . . .	3,356	-	3,356
Total nonoperating cash receipts (disbursements) . . . . .	<u>(20,792)</u>	<u>-</u>	<u>(20,792)</u>
Changes in net cash assets. . . . .	(74,446)	(183,033)	(257,479)
<b>Net cash assets at beginning of year . . . . .</b>	<u>515,874</u>	<u>1,209,992</u>	<u>1,725,866</u>
<b>Net cash assets at end of year . . . . .</b>	<u>\$ 441,428</u>	<u>\$ 1,026,959</u>	<u>\$ 1,468,387</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF FIDUCIARY CASH BASIS ASSETS AND NET CASH ASSETS  
FIDUCIARY FUND  
DECEMBER 31, 2008

	<b>Agency</b>
<b>Cash assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 55,013
Cash in segregated accounts. . . . .	10,468
Total assets . . . . .	\$ 65,481
 <b>Net cash assets:</b>	
Unrestricted. . . . .	\$ 65,481
Total net cash assets. . . . .	\$ 65,481

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Village of Groveport (the "Village") was founded in 1847 and is located in Franklin County. The Village is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and the Village Charter. The Village Charter was adopted in 1990 and provides for a Mayor-Council-Administrator form of government. The six member council is elected at-large in odd-numbered years for overlapping four-year terms. The Council members serve as the legislative authority and the taxing authority. The Council members create and adopt the annual operating budget and approve expenditures of Village funds.

The Village provides general governmental services to its residents including: police services, community affairs, senior citizens' services, building and zoning regulation and enforcement, water and sewer services, road maintenance, parks, golf course and other administrative support services. Madison Township provides fire protection for the Village. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. 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 Statement of Activities - Cash Basis - This statement displays information about the Village as a whole, except for fiduciary funds. The statement distinguishes between those activities of the Village that are governmental and those that are considered business-type activities.

The government-wide statement of activities - cash basis compares disbursements with program receipts for each segment of the business-type activities of the Village and for each function or program of the Village's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Village. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the Village.

Fund Financial Statements - Fund financial statements report detailed information about the Village. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the Village's proprietary funds are charges for sales and services, and include personnel and other disbursements related to the operations of the enterprise activity. All other receipts and disbursements not meeting these definitions are reported as nonoperating transactions.

**B. Fund Accounting**

The Village uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The Village classifies each fund as either governmental, proprietary or fiduciary.

**Governmental Funds** - The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the Village's major governmental funds:

General fund - The general fund accounts for all financial resources except those required to be accounted for in another fund.

Debt service - The debt service fund accounts for all transactions relating to the payment of debt.

Capital improvement - The capital improvement fund accounts for improvement projects.

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

**Proprietary Funds** - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the Village's major enterprise funds:

Water fund - This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer fund - This fund accounts for the provision of sewer services to its residential and commercial users located within the Village.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village's only fiduciary funds are agency funds which account for the Village's Mayor's Court and escrow inspections.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Basis of Accounting**

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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 expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code (ORC) and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendments throughout the year with the legal restriction that appropriations cannot exceed estimated resources. All funds, other than agency funds, legally are required to be budgeted and appropriated. The legal level of budgetary control is at the department level in the general fund, and at the fund level for all other funds. Budgetary modifications outside of the legal level of budgetary control may only be made by resolution of Village Council.

A budget of estimated revenues and expenditures is submitted to the County Auditor by July 20 of each year, for the period January 1 to December 31 of the following year.

The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources which states the projected revenue of each fund. On or about January 1, this certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the following year as authority for expenditure. Budgeted receipts as shown in the accompanying financial statements do not include January 1, 2008 unencumbered fund balances. However, those fund balances are available for appropriations. The amounts reported on the budgetary statements reflect the amounts in the original and final amended official certificate of estimated resources issued during 2008.

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified and beginning-year fund balance. Supplemental appropriations were made in 2008. These supplemental appropriations were legally enacted by Village Council. The budget figures which appear in the statements of budgetary comparisons represent the original and final appropriation amounts, including all amendments and modifications.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized during the year for budget control purposes. Encumbrances outstanding at year-end are reported as expenditures under the Village's budgetary basis of accounting.

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Village's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements. Cash and cash equivalents that are held separately for Mayor's Court and flex spending accounts and not held in the Village treasury are recorded on the financial statements as "cash in segregated accounts."

During 2008, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities, money market mutual funds and nonnegotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

The Village had invested funds in STAR Ohio during 2008. 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, 2008.

For presentation on the statement of net assets, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

For purpose of presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Village are considered to be cash equivalents.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2008 amounted to \$223,383, of which \$127,197 was assigned from other Village funds.

An analysis of the Village's investment account at year-end is provided in Note 4.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**F. Capital Assets**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Village (See Note 2.C.).

**H. Long-term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

**I. Net Assets**

Net assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The Village applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2008, the Village has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the Village; however, certain disclosures related to postemployment benefits (see Note 12) have been modified to conform to the new reporting requirements.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Village.

**B. Compliance**

- i.* The Village had appropriations in excess of actual resources in noncompliance with Ohio Revised Code Section 5705.36(A)(4).
- ii.* The Village did not timely and properly modify appropriations in noncompliance with Ohio Revised Code Section 5705.40.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

- iii.* The Village had expenditures in excess of appropriations in noncompliance with Ohio Revised Code Section 5705.41(B).
- iv.* The Village was in noncompliance with Ohio Revised Code Section 5705.38(C).
- v.* The Village had a negative cash fund balance at year end in noncompliance with Ohio Revised Code Section 5705.10.
- vi.* The Village incorrectly allocated interest revenue and was in noncompliance with Ohio Constitution Article XII, Section 5a and 1982 Op. Attorney General No. 82-031.

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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 the Village 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 moneys 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.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the Village.

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. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash in Segregated Accounts**

The Village has depository accounts outside of the Village treasury to account for Mayor's Court and for the Village's flexible spending plan operations. The carrying amounts of these depository accounts at December 31, 2008 were \$6,606 and \$3,862, respectively. These depository accounts are included in "deposits with financial institutions" below.

**B. Deposits with Financial Institutions**

At December 31, 2008, the carrying amount of all Village deposits was \$1,112,380. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, \$852,396 of the Village's bank balance of \$1,893,864 was exposed to custodial risk as discussed below, while \$1,041,468 was covered by the FDIC.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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. As permitted by the Ohio Revised Code, the Village's deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The Village has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

**C. Investments**

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLB	\$ 806,562	\$ -	\$ -	\$ -	\$ 506,187	\$ 300,375
FHLMC	2,113,264	-	-	-	106,094	2,007,170
FNMA	652,831	-	-	-	-	652,831
STAR Ohio	59,335	59,335	-	-	-	-
Money market mutual funds	1,484,336	1,484,336	-	-	-	-
Total	<u>\$ 5,116,328</u>	<u>\$ 1,543,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612,281</u>	<u>\$ 2,960,376</u>

The weighted average maturity of investments is 1.47 years.

*Interest Rate Risk:* The Ohio Revised Code general limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase.

The Village's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

*Credit Risk:* The Village's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that 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 requirement in State statute.

*Concentration of Credit Risk:* The Village's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

The following table includes the percentage of each investment type held by the Village at December 31, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 806,562	15.76
FHLMC	2,113,264	41.31
FNMA	652,831	12.76
STAR Ohio	59,335	1.16
Money market mutual funds	1,484,336	29.01
Total	<u>\$ 5,116,328</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,112,380
Investments	<u>5,116,328</u>
Total	<u>\$ 6,228,708</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 4,694,840
Business-type activities	1,468,387
Agency fund	<u>65,481</u>
Total	<u>\$ 6,228,708</u>

**NOTE 5 - INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2008, consisted of the following, as reported in the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>
	<u>General</u>
Capital improvements	\$ 300,000
Nonmajor governmental funds	<u>324,124</u>
Total	<u>\$ 624,124</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 6 - PROPERTY TAX**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the Village. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, were levied after October 1, 2008, and are collected in 2009 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 6.25% for 2008. This percentage will be reduced to zero for 2009. 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.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2008-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 6 - PROPERTY TAX - (Continued)**

The full tax rate for all Village operations for the year ended December 31, 2008 was \$1.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 99,954,920
Commercial/Industrial/Mineral	68,330,710
Tangible Personal Property	15,157,438
<u>Public Utility</u>	
Real	13,000
Personal	15,426,740
Total Assessed Value	<u>\$ 198,882,808</u>

**NOTE 7 - LOCAL INCOME TAX**

The 2.0 percent Village income tax, which is not subject to renewal, is levied on substantially all income earned within the Village. In addition, the residents of the Village are required to pay Village income tax on income they earn outside the Village; however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the Village are required to withhold income tax on employee compensation and remit the tax to the Village at least quarterly. Major employers are required to remit withholdings to the Village monthly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the Village. During 2008, the Village collected \$11,042,582 in income tax receipts.

**NOTE 8 - CAPITAL LEASES - LESSEE DISCLOSURE**

In 2008, the Village entered into capital lease agreements for the purchase of golf course maintenance equipment and copiers. In prior years, the Village entered into capital lease agreements for the purchase of a rough mower, air conditioning system, copiers, and golf and parks equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the financial statements.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 8 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of December 31, 2008:

Fiscal Year Ending <u>December 31</u>	<u>Total</u>
2009	\$ 273,219
2010	219,955
2011	219,955
2012	21,992
2013	<u>12,384</u>
Total future minimum lease payments	747,505
Less: amount representing interest	<u>(84,749)</u>
Present value of future minimum lease payments	<u>\$ 662,756</u>

**NOTE 9 - DEBT OBLIGATIONS**

A. During 2008, the following activity occurred in the governmental activities long-term obligations:

<u>Governmental activities:</u>	Balance <u>12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/08</u>	Amounts Due in <u>One Year</u>
Income Tax Revenue Bonds	\$ 13,385,000	\$ -	\$ (670,000)	\$ 12,715,000	\$ 685,000
Notes Payable	4,900,000	4,600,000	(4,900,000)	4,600,000	4,600,000
OPWC Loan Payable - East Main Street	594,460	-	(59,446)	535,014	59,446
OPWC Loan Payable - Hamilton Road	300,518	-	(30,052)	270,466	30,052
OPWC Loan Payable - Bixby Road	204,864	19,800	-	224,664	11,233
Capital Lease Payable	<u>817,145</u>	<u>86,078</u>	<u>(240,467)</u>	<u>662,756</u>	<u>232,750</u>
Total Governmental Activities	<u>\$ 20,201,987</u>	<u>\$ 4,705,878</u>	<u>\$ (5,899,965)</u>	<u>\$ 19,007,900</u>	<u>\$ 5,618,481</u>

*Income Tax Revenue Bonds:* On October 1, 2002, the Village issued income tax revenue bonds for the purpose of constructing, furnishing and equipping a recreation center with related facilities, site improvements and to advance refund the 1996 general obligation capital facilities bonds by purchasing U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The Village used \$1,291,606 from the issuance to purchase securities which were placed in an irrevocable trust which will provide resources for all future debt service payments on the refunded debt. The refunded debt is considered defeased and the applicable liabilities have been removed from the financial statements. The refunding resulted in an economic gain of \$142,988. The principal balance of the general obligation capital facilities refunded bonds at December 31, 2008 was \$550,000.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 9 - DEBT OBLIGATIONS - (Continued)**

The Village has pledged future income tax revenues to finance the constructing, furnishing and equipping of a recreation center. The income tax revenue bonds are payable solely from income tax revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require less than 65.94 percent of net revenues. The total principal remaining to be paid on the income tax revenue bonds is \$12,715,000. Principal and interest paid for the current year and total available income tax revenues were \$1,272,615 and \$1,929,964, respectively.

*Land Acquisition and Improvement Notes:* On January 16, 2008, the Village issued \$4,600,000 in notes, bearing an interest rate of 3.48%, for the purchase of a golf course and the construction of certain public infrastructure improvements. The notes matured on January 15, 2009. These notes were a rollover from the notes issued in the prior year.

*OPWC Loans:* The Village has three OPWC loans: one for the East Main Street improvement project, one for the Hamilton Road improvement project, and one for the Bixby Road improvement project. All three loans have an interest rate of 0%.

All debt is expected to be paid from the debt service fund.

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

Fiscal Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
2009	\$ 685,000	\$ 583,855	\$ 1,268,855
2010	710,000	563,305	1,273,305
2011	730,000	540,585	1,270,585
2012	755,000	516,860	1,271,860
2013	790,000	479,110	1,269,110
2014 - 2018	4,535,000	1,830,250	6,365,250
2019 - 2022	4,510,000	577,500	5,087,500
Total	<u>\$ 12,715,000</u>	<u>\$ 5,091,465</u>	<u>\$ 17,806,465</u>

Fiscal Year Ending December 31,	Land Acquisition and Improvement Notes			OPWC Loans		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 4,600,000	\$ 160,080	\$ 4,760,080	\$ 100,731	\$ -	\$ 100,731
2010	-	-	-	111,964	-	111,964
2011	-	-	-	111,965	-	111,965
2012	-	-	-	111,964	-	111,964
2013	-	-	-	111,965	-	111,965
2014 - 2018	-	-	-	470,322	-	470,322
2019	-	-	-	11,233	-	11,233
Total	<u>\$ 4,600,000</u>	<u>\$ 160,080</u>	<u>\$ 4,760,080</u>	<u>\$ 1,030,144</u>	<u>\$ -</u>	<u>\$ 1,030,144</u>

Capital leases are paid from the general, debt service fund and the capital improvement fund.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 9 - DEBT OBLIGATIONS - (Continued)**

**B.** During 2008, the following activity occurred in the business-type activities long-term obligations:

<u>Business-type activities:</u>	Balance <u>12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/08</u>	Amounts Due in <u>One Year</u>
Water System Improvement Note	\$ 600,000	\$ 600,000	\$ (600,000)	\$ 600,000	\$ 600,000

*Water System Improvement Notes:* On July 30, 2008, the Village issued \$600,000 in notes, bearing an interest rate of 4.25%, for water line reconstruction and the construction of certain public infrastructure improvements. The notes were a rollover from the notes issued in the prior year and have a maturity date of July 29, 2009.

**C. Legal Debt Margin**

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the Village's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the Village's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2008, the Village's total debt margin was \$19,331,594 and the unvoted debt margin was \$10,126,073.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 10 - RISK MANAGEMENT**

**A. Comprehensive**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, the Village was part of the Ohio Municipal League Joint Self - Insurance Pool an insurance purchasing pool, for general liability, property, auto, crime, forgery, employee liability, public officers liability, and boiler and machinery insurance. The Village has transferred its risk of loss to the insurance carrier to the extent of the limits shown below.

There were no significant reductions in insurance coverage from the prior year in any category of risk. Claims have not exceeded coverage limitations in any of the past three years.

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Limits of Coverage</u>
<u>Property</u>	\$1,000	\$17,507,751
<u>General Liability:</u>		
Per occurrence	1,000	3,000,000
Annual aggregate	1,000	3,000,000
<u>Inland Marine:</u>		
Accounts Receivable	1,000	250,000
Contractors Equipment	500	634,596
Police Equipment	500	112,836
EDP	500	191,000
<u>Vehicles:</u>		
Comprehensive	1,000	3,000,000
Collision	1,000	3,000,000
<u>Employees:</u>		
Public Officials Liability	1,000	3,000,000
Employee Benefit Liability	1,000	1,000,000
Municipal Attorney and Law Director's Liability	1,000	1,000,000

**B. Health Insurance**

During 2008, the Village was insured through Commercial Health insurance coverage with Anthem. The Village employees pay 10% contributions towards their health insurance premiums.

**C. Workers' Compensation**

The Village participates in the Ohio Municipal League public entity insurance purchasing pool for workers' compensation. The Group Rating Plan is administered by Gates McDonald Company. The OML Group Rating Plan is intended to achieve lower workers' compensation premium rates for the participants, and result in the establishment of a safer working environment. There are no additional contributions required by a participant other than their annual fee.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 11 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% 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 Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the 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, Attention: Finance Director, 277 E. Town St., 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 2008, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2008 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%.

The Village's contribution rate for 2008 was 14.00%, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 17.40% of covered payroll. For 2008, a portion equal to 7.00% of covered payroll was allocated to fund the post-employment health care plan.

The Village's contribution rate for pension benefits for 2008 was 7.00%, except for those plan members in law enforcement and public safety. For those classifications, the Village's pension contributions were 10.40% of covered payroll. The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2008, 2007, and 2006 were \$296,591, \$300,506, and \$387,945, respectively; 93.69% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 11 - PENSION PLANS - (Continued)**

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

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the Village is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2008, the portion of the Village's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The Village's required contributions for pension obligations to OP&F for police officers for the years ended December 31, 2008, 2007, and 2006 were \$145,831, \$134,996, and \$146,960, respectively; 72.11% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

**NOTE 12 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB 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, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment 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 post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.00% of covered payroll (17.40% 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 the funding of the postemployment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2008 was 7.00% of covered payroll.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$296,591, \$199,853, and \$159,978, respectively; 93.69% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, 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 health care plan.

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

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

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

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

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

Funding Policy - The OP&F's post-employment 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 of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

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

The Village's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers for the years ended December 31, 2008, 2007, and 2006 were \$77,204, \$71,468, and \$96,944, respectively; 72.11% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

**NOTE 13 - 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 cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). At December 31, 2008, the encumbrances outstanding at year end (budgetary basis) amounted to \$143,951 in the general fund.

**NOTE 14 - CONTINGENCIES**

**A. Grants**

The Village receives significant financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual opinion units included herein or on the overall financial position of the Village at December 31, 2008.

**B. Litigation**

The Village is a party in legal proceedings. The Village is of the opinion that the ultimate disposition of all claims and legal proceedings will not have a material effect, if any, on the financial condition of the Village.

**NOTE 15 - SUBSEQUENT EVENTS**

- i.* In January of 2009, the Village refinanced the Land Acquisition and Improvements Note. The \$4,500,000 note carries a 3.50% interest rate and has a one year maturity.
- ii.* In 2009, the Village refinanced the \$600,000 in Water System Improvement Notes bearing an interest rate of 2.25% with maturity in 2010.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Accountant's Report on Internal Control Over  
Financial Reporting and on Compliance and other Matters  
Required by *Government Auditing Standards***

Village of Groveport  
655 Blacklick Street  
Groveport, OH 43125

To the Members of Council and Mayor:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Groveport, Franklin County, Ohio, as of and for the year ended December 31, 2008, which collectively comprise the Village of Groveport's basic financial statements and have issued our report thereon dated September 17, 2010, wherein we noted the Village of Groveport prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Groveport's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village of Groveport's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village of Groveport'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting, that we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village of Groveport's financial statements will not be prevented, or detected and timely corrected. We consider finding 2008-VOG-001 described in the accompanying schedule of findings and responses to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2008-VOG-005 and 2008-VOG-006 described in the accompanying schedule of findings and responses to be significant deficiencies.

Members of Council and Mayor  
Village of Groveport

Compliance and Other Matters

As part of reasonably assuring whether the Village of Groveport'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 six instances of noncompliance or other matters reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2008-VOG-002, 2008-VOG-003, 2008-VOG-004 and 2008-VOG-007 through 2008-VOG-009.

We also noted certain matters not requiring inclusion in this report that we reported to the Village of Groveport's management in a separate letter dated September 17, 2010.

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

This report is intended solely for the information and use of the management, members of Council and Mayor of the Village of Groveport and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.  
September 17, 2010

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2008-VOG-001

**Material Weakness - Financial Statement Reporting**

Sound financial reporting is the responsibility of the Village Council and Finance Department. It is essential that strong internal controls are in place and properly working efficiently and effectively.

We identified misstatements in the financial statements for the year under audit that were not initially identified by the Village's internal control. The audit adjustments were made to the Village's financial statements. A description of the adjustments follows:

**Income Tax Collection** - The Village collects income tax receipts from the City of Columbus and income tax collection fees and income tax revenue sharing payments were posted to the accounting system as negative income tax receipts (receipts reversals) rather than as disbursements. An adjustment in the amount of \$374,369 was recorded to properly record fees and revenue sharing as a disbursement and receipts rather than a receipt reversal.

**Sewer Fund Receipts** - The Village collects receipts for sewer utilities and then remits those receipts to the City of Columbus. The remittances to the City of Columbus were recorded as negative charges for service receipts (receipts reversals) rather than as disbursements. An adjustment in the amount of \$575,409 was recorded to properly record sewer charges for services as receipts and remittances to the City of Columbus as a disbursement rather than a receipt reversal.

**OPWC Grant** - The Village received intergovernmental receipts in the form of a grant from the Ohio Public Works Commission that was recorded as loan proceeds rather than as intergovernmental receipt. An adjustment in the amount of \$158,029 was recorded to properly classify the receipts as intergovernmental receipts rather than a loan proceed.

**Payroll** - The Village inputs employee timesheets into the payroll system based on activity. However, when the payroll module disbursements are recorded in the budgetary module, adjustments are made based on available appropriated funds, not based on the payroll summary. To properly record this, water personal services was increased \$16,644, sewer personal services was decreased \$18,486 and general personal services was increased \$1,842. In addition, we noted two individuals hours were not properly recorded in the payroll system in the appropriate activity/fund. To properly record this water personal services was increased \$35,347, sewer personal services was increased \$35,347 and street personal services was decreased \$70,694.

**Interest** - The Village did not allocate interest properly. An adjustment was necessary to decrease General Fund interest receipts \$7,744 and increase Street Maintenance & Repair Fund interest receipts \$6,370 and increase State Highway Fund interest receipts \$1,374.

The audited financial statements and the Village's records reflect these adjustments.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management.

We recommend that the Village implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financials and footnotes.

**Client Response:** The Village will attempt to present more materially correct financial statements in the future.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2008-VOG-002

Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the Finance Director of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the clerk-treasurer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, 2008, the Village had appropriations greater than actual resources, in the following funds:

<u>Fund Type/Fund</u>	<u>Actual Resources</u>	<u>Appropriation</u>	<u>Excess</u>
<u>Special Revenue Funds:</u>			
Street Maintenance and Repair	\$ 839,848	\$ 906,736	\$ 66,888
COPS Fast Grant	-	20,000	20,000
Tree Fund	15,075	50,000	34,925
<u>Capital Projects Fund:</u>			
Capital Improvement	2,650,554	3,479,107	828,553
<u>Enterprise Fund:</u>			
Water Fund	1,518,817	2,006,100	487,283

By appropriating more funds than actual resources, the Village is at risk of spending more money than is available; this may result in negative fund balances.

We recommend the Village monitor appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State Bulletin 97-010.

*Client Response:* The Village is attempting to monitor the budget more closely.

Finding Number	2008-VOG-003
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Ohio Revised Code Section 5705.40, in part, requires that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. However, no appropriation may be reduced below an amount sufficient to cover all un-liquidated and outstanding contracts or obligations against them. The Village had total expenditures exceeding total appropriations at the year ended December 31, 2008.

By not timely and properly modifying the Village's appropriations, the Village is not adequately monitoring its expenditures versus appropriations. This may result in appropriating monies in excess of estimated resources, and having expenditures exceed appropriations, and possibly, fund deficits.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations records and amending the appropriations throughout the year and prior to year end. In addition, the Village should monitor its budgetary process on a regular basis.

*Client Response:* The Village will continue to monitor the budget and amend appropriations as necessary.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2008-VOG-004

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

At December 31, 2008, the Village had disbursements in excess of appropriations in the following funds:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>
<u>Special Revenue Fund:</u>			
TIF Fund	\$ 38,943	\$ 50,094	\$ 11,151
 <u>Debt Service Fund:</u>			
Debt Service	6,514,794	6,620,638	105,844

At December 31, 2008, the Village had disbursements in excess of appropriations at the legal level of control as follows:

<u>Fund/Department</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>
<u>General Fund:</u>			
County Health District	\$ 35,000	\$ 43,279	\$ 8,279
Audit and Elections	45,000	49,585	4,585
Legislation	131,289	145,118	13,829
Administration and Human Resources	176	75,948	75,772
Recreation Operations	8,956	705,512	696,556
Recreation Fitness	462	171,176	170,714
Recreation Athletes	1,500	71,100	69,600
Recreation Programs	971	4,229	3,258
Aquatic Indoor	2,442	262,897	260,455

With disbursements exceeding appropriations, the Village is spending monies that have not been lawfully appropriated by Village Council. This may result in unnecessary spending or overspending which may result in a negative fund balance.

We recommend that the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring their expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

*Client Response:* The Village will ensure amendments are completed and followed by department heads. Amendments will be sent immediately to the county auditor and posted timely.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2008-VOG-005

**Significant Deficiency - Payroll Expenditure Allocation**

Payroll disbursements should be charged to funds and departments based upon actual work performed by employees and officials. The Village should have internal controls in place to identify and quantify time employees spend on activities within each fund and department and ensure those timesheets are accurately in the payroll system and subsequent posting to the budgetary module.

Throughout 2008, personal services were charged to funds and departments based on where appropriations were available rather than where the payroll was incurred. Payroll disbursements totaling \$36,972 were allocated among various departments and funds that did not agree to supporting timesheets.

Additionally, payroll disbursements for two employees totaling \$70,694 were charged entirely to the Street Maintenance and Repair Fund, although their duties were related to Water and Sewer.

The proper allocation of those charges has been corrected by the audit adjustment included in Finding VOG-2008-001 and is reflected in the accompanying financial statements and Village accounting records.

We recommend the Village implement formal internal controls to quantify and track employee time that supports the allocations among the departments and funds. If the Village elects to allocate payroll expenditures for salaried employees among various departments, this allocation should be documented based on actual time spent or by percentages based on the individual's job duties that are reasonably routine and predictable.

*Client Response:* The Village has made changes to the payroll expenditure allocation process and will provide documentation on time spent and/or percentage worked within each department.

Finding Number	2008-VOG-006
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**Significant Deficiency - Utility Non-Cash Adjustments and Write-Offs**

A policy over non-cash adjustments and write-offs and a formal review process over meter reading reports prior to billing are essential to ensure proper financial reporting. The Village should maintain a policy over non-cash adjustments and write-offs, as to limitations on amounts that can be adjusted and approval of such adjustments. There should also be documented review of meter reading reports before bills are disbursed by the department head.

The Village Public Works department clerk completes many tasks relating to water and sewer billing manually. The meter books are hand written tablets, which the clerk then uses to manually enter the readings into the computer system. However, no review of the information input into the system is completed other than by the inputting clerk, who only scans the meter reading report for unusual items. If a discrepancy is found, the clerk goes into the CMI system and makes the changes, usually via a miscellaneous charge, which does not require any approval from higher authority. Other miscellaneous charges are also entered into the system by the clerk under certain circumstances (i.e. billing disputes, misapplied payments to wrong accounts), but also lack any documented approval. Furthermore, consumption and in turn generated billings with known adjustments did not agree to receipts and accounts receivable over water and sanitary sewer usage with no explanation from the Village as to the variances.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2008-VOG-006 - (Continued)

Failure to have further review of the billings and approval for non-cash adjustments with an appropriate trail of evidence may result in improper billings with the Village not billing and receiving the correct amounts due. Further, the trail of these adjustments and write-offs hinder management's ability to effectively monitor water and sanitary sewer usage and the related revenues.

We recommend the Village develop a formal review process over the meter reading reports with an independent, documented review. Any discrepancies discovered during the review process need to be documented, and then corrected after a proper documented approval is obtained. We also recommend the Village develop a policy over non-cash adjustments that can be made to an account.

*Client Response:* The Village will establish a written policy for utility billing. Any adjustments or payment issues will be approved by finance and administration.

Finding Number	2008-VOG-007
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Ohio Revised Code Section 5705.38 (C) requires that for subdivisions other than schools, appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

The Village appropriated at the fund level for all funds, except the General Fund, which was approved at the department level.

Failure to appropriate and monitor expenditures at the required legal level of control could lead to ineffective budgetary oversight of expenditures.

We recommend the Village Council approve all annual appropriation measures and amendments as prescribed by the Ohio Revised Code, or consider a charter modification to specify the preferred legal level of control.

*Client Response:* The Village will consider modifying their legal level of control.

Finding Number	2008-VOG-008
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Ohio Revised Code Section 5705.10, in part, requires that on a cash basis, no fund shall have a negative fund balance during the year or at year end.

The Village maintained a negative cash fund balance in the following fund:

December 31, 2008

Debt Service	\$ 44,749
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By expending funds prior to receipt of monies, the Debt Service fund maintained a negative cash fund balance at the year ended December 31, 2008.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2008-VOG-008 - (Continued)

We recommend that the Village properly expend monies only after funds have been received. If funds are anticipated, but not yet received and disbursements are necessary, the Village should address these concerns immediately and prior to disbursements with the Village Council and consider short-term financing.

*Client Response:* The Village will monitor fund balances more closely in future fiscal years.

Finding Number	2008-VOG-009
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Ohio Constitution Article XII, Section 5a and 1982 Op. Attorney General No. 82-031 requires that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal.

The amount of \$7,744 of interest earned in 2008 on permissive motor vehicle and fuel tax receipts was improperly credited to the General Fund. The \$7,744 should have been recorded as \$6,370 of interest in the Street Maintenance and Repair Fund and \$1,374 of interest in the State Highway Fund. The audited financial statements have been adjusted to properly reflect amounts. The Village recorded this adjustment in their 2010 records.

By not recording interest on the permissive motor vehicle and fuel tax receipts, the Village was in noncompliance with State of Ohio statutes.

We recommend that the Village consult applicable statutory requirements and allocate interest revenue to proper funds on a monthly basis.

*Client Response:* The Village will attempt to properly allocate interest revenue in the future.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b><u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u></b>
2007-001	<u>Material Weakness/Significant Deficiency/Noncompliance Finding</u> - Income Tax Allocation and Posting - The Village had various income tax allocation authorizations and related improper allocation.	No	Repeated as finding 2008-VOG-001
2007-002	<u>Use of Revenues and Negative Fund Balances</u> - Ohio Revised Code Sections 5705.10(D) and 5705.10(H) improper revenues postings to the required funds and negative fund balances.	No	Repeated as finding 2008-VOG-008
2007-003	<u>Significant Deficiency/Noncompliance Finding - Interest</u> - The Village improperly recorded interest allocation.	No	Repeated as finding 2008-VOG-009
2007-004	Ohio Revised Code Section 705.27 - Finance Director Bonding - The Village Finance Director did not obtain bonding prior to hiring and throughout the year.	Yes	N/A
2007-005	Ohio Revised Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission, or in the case of appeal, by the Board of Tax Appeals.	Yes	N/A
2007-006	Ohio Revised Code Section 5705.40 requires, in part, that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation.	No	Repeated as finding 2008-VOG-003

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2007-007	Ohio Revised Code Section 5705.41(B) requires, in part, that no subdivision is to expend monies unless it has been appropriated.	No	Repeated as finding 2008-VOG-004
2007-008	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the disbursements of monies are to be made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	No	Partially corrected - move to Management Letter
2007-009	17 C.F.R. Section 240. 15c2-12 requires, in part, that the issuer of bonds must provide a copy of annual financial information to each nationally recognized municipal securities information repository (NRMSIR) and state information depository (SID).	Yes	N/A
2007-010	<u>Material Weakness/Significant Deficiency</u> - Ohio Admin. Code Section 117-2-01(D)(4) requires, in part, when designing the public office's system of internal control and the specific control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.	Yes	N/A

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2007-011	<u>Material Weakness/Significant Deficiency</u> - Departmental Receipts - no procedures exist for Department Directors to actively monitor and review the revenue generated by their departments and ensure proper posting on the Village's revenue ledgers.	Yes	N/A
2007-012	<u>Material Weakness/Significant Deficiency</u> - The Village did not perform bank reconciliations timely.	Yes	N/A
2007-013	<u>Material Weakness/Significant Deficiency</u> - The Village financial statements required audit adjustments.	No	Repeated as finding 2008-VOG-001
2007-014	<u>Material Weakness/Significant Deficiency</u> - The Village did not charge wages, salaries and benefits to the funds/activities where the employee services were provided.	No	Repeated as finding 2008-VOG-005
2007-015	<u>Significant Deficiency</u> - The Village water and sewer consumption reports did not always calculate properly.	Yes	N/A
2007-016	<u>Significant Deficiency</u> - The Village Public Works Department completed many manual tasks and adjustments without supervising approval.	No	Repeated as finding 2008-VOG-006

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**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF GROVEPORT**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 28, 2010**