

**CITY OF GROVEPORT
FRANKLIN COUNTY, OHIO**

Financial Statements
(Audited)

For The Year Ended
December 31, 2011

JEFF GREEN, FINANCE DIRECTOR



Dave Yost • Auditor of State

Members of Council
City of Groveport
655 Blacklick Street
Groveport, Ohio 43125

We have reviewed the *Independent Accountants' Report* of the City of Groveport, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2011 through December 31, 2011. 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 City of Groveport is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 30, 2012

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**CITY OF GROVEPORT
FRANKLIN COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Accountants' Report	1 - 2
Management's Discussion and Analysis	3 - 15
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities.....	17 - 18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19 - 20
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23 - 24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	25
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	26
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Street Maintenance and Repair Fund	27
Statement of Net Assets - Proprietary Funds.....	28
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds.....	29
Statement of Cash Flows - Proprietary Funds	30
Statement of Fiduciary Net Assets - Fiduciary Funds	31
Notes to the Basic Financial Statements.....	32 - 66
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and other Matters Required by <i>Government Auditing Standards</i>	67 - 68
Schedule of Findings and Responses.....	69 - 70
Status of Prior Audit Findings	71

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

City of Groveport
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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Groveport, Franklin County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the City of Groveport's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Groveport, Franklin County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the general fund and major special revenue fund: Street Maintenance and Repair, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the City implemented presenting their financial statements in accordance with generally accepted accounting principles. Also as described in Note 3, during the year ended December 31, 2011, the City of Groveport adopted the provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2012, on our consideration of the City 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
City of Groveport
Page Two

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in dark ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
August 24, 2012

CITY OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED

The management's discussion and analysis of the City of Groveport's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- For 2011, the City presented its basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). The effect of applying GAAP to the cash fund balances and net cash assets reported by the City at December 31, 2010 are described in Note 3 to the basic financial statements.
- The total net assets of the City were \$52,499,193 for 2011. Net assets of governmental activities totaled \$37,883,616 and net assets of business-type activities totaled \$14,615,577.
- General revenues accounted for \$8,857,950 of total governmental activities revenue. Program specific revenues accounted for \$3,050,742 or 25.62% of total governmental activities revenue.
- The City had \$15,274,311 in expenses related to governmental activities; \$3,050,742 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$12,223,569 were partially offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$8,857,950.
- The general fund had revenues of \$9,330,085 in 2011. The expenditures and other financing uses of the general fund totaled \$10,339,133 in 2011. The ending fund balance for the general fund was \$3,199,164.
- The street maintenance and repair fund had revenues and other financing sources of \$541,267 and expenditures of \$505,464 in 2011. The ending fund balance for the street maintenance and repair fund was \$136,213.
- Activity in 2011 for the debt service fund consisted of revenues of \$1,995,854 and expenditures and other financing sources of \$2,001,940. The ending fund balance for the debt service fund was \$97,251.
- The capital improvement fund had other financing sources of \$1,233,680 in 2011. Expenditures totaled \$1,146,173 in 2011 and the ending fund balance was \$161,369.
- Net assets for the business-type activities, which are made up of the water, sewer and clean river enterprise funds, totaled \$14,615,577.
- In the general fund, the actual revenues came in \$562,642 below the final budgeted amount and actual expenditures and other financing uses were \$1,375,962 less than the amount in the final budget.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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CITY OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED

The statement of net assets and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those 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 City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City 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 City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net assets and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer and clean river operations are reported here.

The City's statement of net assets and statement of activities can be found on pages 16-18 of this report.

Reporting the City'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 City, 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 City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 10.

CITY OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, street maintenance and repair, debt service and the capital improvement funds. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 19-27 of this report.

Proprietary Funds

The City maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and clean river operations. The water and sewer funds are considered major funds. The basic proprietary fund financial statements can be found on pages 28-30 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 31 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 32-66 of this report.

Government-Wide Financial Analysis

This is the City's first year for government-wide financial statements using the accrual basis of accounting, therefore, a comparison with prior year is not available. A comparative analysis will be presented in future years when prior year information is available.

CITY OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED

The table below provides a summary of the City's assets, liabilities and net assets for 2011:

	Net Assets		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Current and other assets	\$ 6,117,898	\$ 1,807,156	\$ 7,925,054
Capital assets, net	<u>49,674,021</u>	<u>13,418,886</u>	<u>63,092,907</u>
Total assets	<u>55,791,919</u>	<u>15,226,042</u>	<u>71,017,961</u>
<u>Liabilities</u>			
Long-term liabilities outstanding	17,003,944	503,285	17,507,229
Other liabilities	<u>904,359</u>	<u>107,180</u>	<u>1,011,539</u>
Total liabilities	<u>17,908,303</u>	<u>610,465</u>	<u>18,518,768</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	33,241,149	12,968,886	46,210,035
Restricted	915,420	-	915,420
Unrestricted	<u>3,727,047</u>	<u>1,646,691</u>	<u>5,373,738</u>
Total net assets	<u>\$ 37,883,616</u>	<u>\$ 14,615,577</u>	<u>\$ 52,499,193</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2011, the City's assets exceeded liabilities by \$52,499,193. At year-end, net assets were \$37,883,616 and \$14,615,577 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 89.03% and 88.13% of total assets for the governmental activities and business-type activities, respectively. Capital assets include land, easements, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles, and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2011, were 33,241,149 and \$12,968,886 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net assets, \$915,420 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$3,727,047 may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF GROVEPORT, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

This is the City's first year for government-wide financial statements using the accrual basis of accounting, therefore, a comparison with prior year is not available. A comparative analysis will be presented in future years when prior year information is available. The table below provides a summary of the City's change in net assets for its governmental activities and business-type activities for 2011:

	Change in Net Assets		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 2,469,024	\$ 1,078,845	\$ 3,547,869
Operating grants and contributions	581,718	-	581,718
Total program revenues	3,050,742	1,078,845	4,129,587
General revenues:			
Property taxes	260,288	-	260,288
Income taxes	7,934,384	-	7,934,384
Unrestricted grants and entitlements	255,313	-	255,313
Investment earnings	48,303	-	48,303
Payment in lieu of taxes	47,660	-	47,660
Miscellaneous	312,002	237	312,239
Total general revenues	8,857,950	237	8,858,187
Total revenues	11,908,692	1,079,082	12,987,774
Expenses:			
General government	4,887,237	-	4,887,237
Security of persons and property	1,650,274	-	1,650,274
Public health and welfare	47,635	-	47,635
Transportation	4,017,938	-	4,017,938
Community environment	254,466	-	254,466
Leisure time activity	3,553,770	-	3,553,770
Economic development	132,871	-	132,871
Interest and fiscal charges	730,120	-	730,120
Water	-	507,011	507,011
Sewer	-	1,421,632	1,421,632
Clean river	-	19,131	19,131
Total expenses	15,274,311	1,947,774	17,222,085
Increase in net assets before transfers	(3,365,619)	(868,692)	(4,234,311)
Transfers	(217,967)	217,967	-
Change in net assets	(3,583,586)	(650,725)	(4,234,311)
Net assets at beginning of year (restated)	41,467,202	15,266,302	56,733,504
Net assets at end of year	\$ 37,883,616	\$ 14,615,577	\$ 52,499,193

CITY OF GROVEPORT, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

Governmental Activities

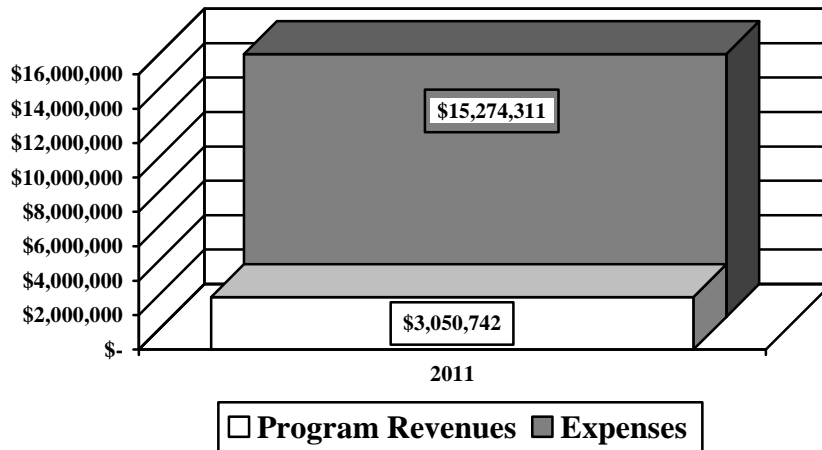
At year-end, net assets were \$37,883,616 for the governmental activities.

The State and federal government contributed to the City a total of \$581,718 in operating grants and contributions. These revenues are restricted to a particular program or purpose. \$571,479 of these grants and contributions subsidized transportation programs.

General revenues totaled \$8,857,950 and amounted to 74.38% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$8,194,672. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$255,313.

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. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The City is dependent upon property and income taxes as well as unrestricted grants and entitlements to support governmental activities, including transportation and general government expenditures. Comparisons to 2010 have not been presented since they are not available.

Governmental Activities - Program Revenues vs. Total Expenses



CITY OF GROVEPORT, OHIO

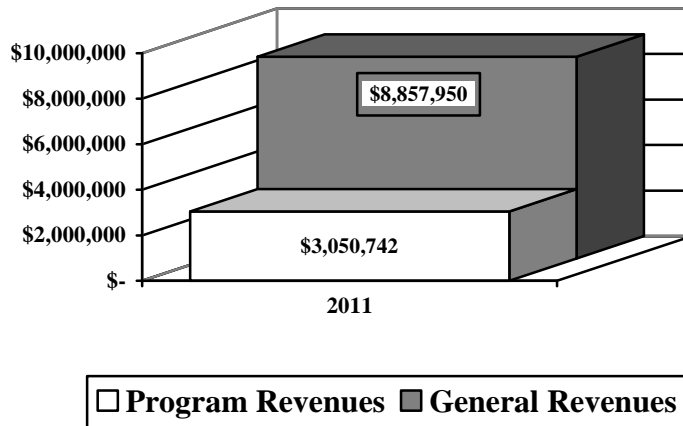
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED

Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Program Expenses:		
General government	\$ 4,887,237	\$ 4,774,883
Security of persons and property	1,650,274	1,648,440
Public health and welfare	47,635	41,815
Transportation	4,017,938	3,446,459
Community environment	254,466	62,112
Leisure time activity	3,553,770	1,386,869
Economic development	132,871	132,871
Interest and fiscal charges	<u>730,120</u>	<u>730,120</u>
Total	<u>\$ 15,274,311</u>	<u>\$ 12,223,569</u>

The dependence upon general revenues for governmental activities is apparent, with 80.03% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2011. Comparisons to 2010 have not been presented since they are not available.

Governmental Activities – General and Program Revenues



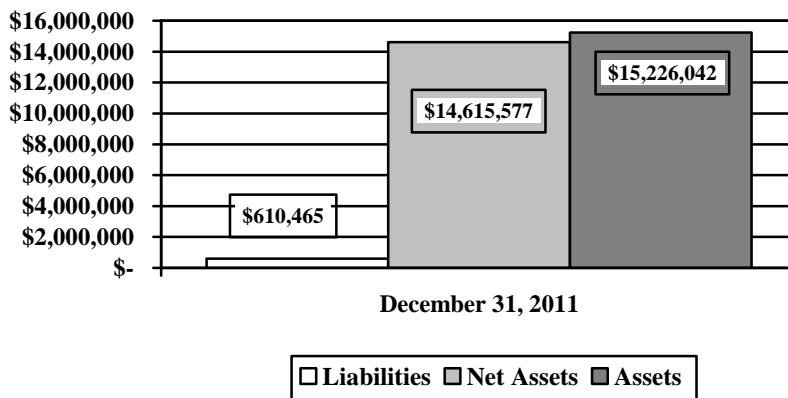
CITY OF GROVEPORT, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

Business-type Activities

Business-type activities include the water, sewer, and clean river enterprise funds. These programs had program revenues of \$1,078,845 and expenses of \$1,947,774 for 2011. The graph below shows the business-type activities assets, liabilities and net assets at year-end. Comparisons to 2010 have not been presented since they are not available.

Net Assets in Business - Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds (as presented on the balance sheet on pages 19-20) reported a combined fund balance of \$4,214,822 which is \$890,850 below last year's restated total of \$5,105,672. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2011 for all major and non-major governmental funds. The City restated December 31, 2010 balances for the application of GAAP as described in Note 3.

CITY OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED

	<u>Fund Balances</u> 12/31/2011	Restated <u>Fund Balances</u> 12/31/2010	Increase <u>(Decrease)</u>
Major funds:			
General	\$ 3,199,164	\$ 4,208,212	\$ (1,009,048)
Street maintenance and repair	136,213	100,410	35,803
Debt service	97,251	103,337	(6,086)
Capital improvement	161,369	73,862	87,507
Other nonmajor governmental funds	<u>620,825</u>	<u>619,851</u>	<u>974</u>
Total	<u>\$ 4,214,822</u>	<u>\$ 5,105,672</u>	<u>\$ (890,850)</u>

General Fund

The City's general fund balance decreased \$1,009,048. The table that follows assists in illustrating the revenues of the general fund.

	<u>2011</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>
<u>Revenues</u>		
Income taxes	\$ 5,966,550	63.95%
Real and other taxes	270,810	2.90%
Charges for services	2,231,824	23.92%
Fines, licenses and permits	212,694	2.28%
Intergovernmental	292,244	3.13%
Investment income	44,095	0.48%
Other	<u>311,868</u>	<u>3.34%</u>
Total	<u>\$ 9,330,085</u>	<u>100.00%</u>

Income taxes revenue is the general fund's largest revenue source, representing 63.95% of total general fund revenues. The other main source of revenue for the general fund is charges for services, which consist primarily of membership fees and other fees related to the operation of the recreation center, as well as revenues from the City-owned golf course.

CITY OF GROVEPORT, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

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

	<u>2011 Amount</u>	<u>Percent of Total</u>
<u>Expenditures</u>		
General government	\$ 4,806,216	48.17%
Security of persons and property	1,581,627	15.85%
Public health and welfare	47,635	0.48%
Transportation	118,369	1.19%
Community environment	247,587	2.48%
Leisure time activity	3,035,960	30.43%
Economic development	124,227	1.24%
Debt service	<u>16,512</u>	<u>0.16%</u>
Total	<u>\$ 9,978,133</u>	<u>100.00%</u>

General government expenditures consist of various departments that service the government as a whole. Security of persons and property expenditures consist of the City's police department operations. Leisure time activity expenditures support the operations of the City's recreation programs, including the golf course, City parks, and the recreation center.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly. Budgetary information is presented for the general fund and the street maintenance and repair major special revenue fund.

In the general fund, original budgeted revenues of \$7,739,839 were increased to \$9,500,000 in the final budget. The actual revenues came in \$562,642 below the final budgeted amount. The original and final budget expenditures and other financing sources were \$11,874,316. Actual budget basis expenditures and other financing uses totaled \$10,498,354, or \$1,375,962 less than the final budget.

Street Maintenance and Repair Fund

The street maintenance and repair fund had revenues and other financing sources of \$541,267 and expenditures of \$505,464 in 2011. The ending fund balance for the street maintenance and repair fund was \$136,213.

Debt Service Fund

Activity in 2011 for the debt service fund consisted of revenues of \$1,995,854 and expenditures and other financing sources of \$2,001,940. The ending fund balance for the debt service fund was \$97,251.

Capital Improvement Fund

The capital improvement fund had other financing sources of \$1,233,680 in 2011. Expenditures totaled \$1,146,173 in 2011 and the ending fund balance was \$161,369.

CITY OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED

Proprietary Funds

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The City reports two major enterprise funds; the water fund and the sewer fund.

Capital Assets and Debt Administration

Capital Assets

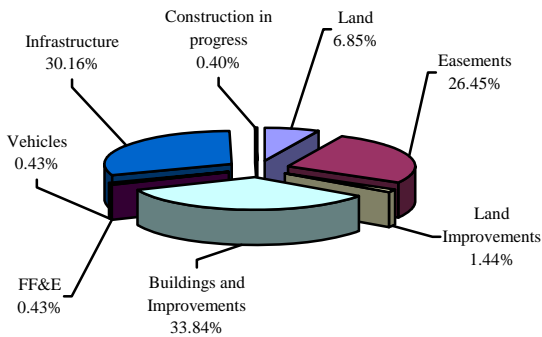
At the end of 2011, the City had \$63,092,907 (net of accumulated depreciation) invested in land, easements, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment (FF&E), vehicles, and infrastructure. See Note 9 for more detail on capital assets. The following table shows 2011 balances compared to 2010:

**Capital Assets at December 31
(Net of Depreciation)**

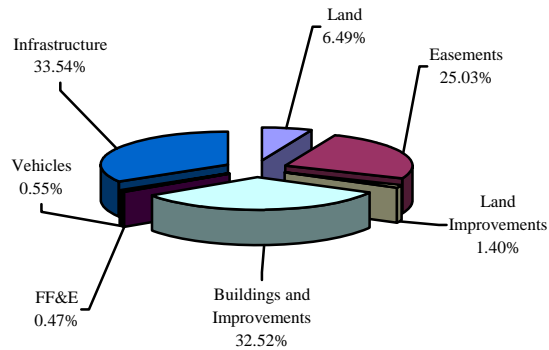
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 3,404,796	\$ 3,404,796	\$ 11,567	\$ 11,567	\$ 3,416,363	\$ 3,416,363
Easements	13,140,000	13,140,000	-	-	13,140,000	13,140,000
Construction in progress	200,985	-	-	-	200,985	-
Land improvements	712,946	734,393	-	-	712,946	734,393
Buildings and improvements	16,810,804	17,073,555	31,722	32,921	16,842,526	17,106,476
FF&E	211,245	248,035	38,755	40,491	250,000	288,526
Vehicles	213,272	287,052	-	-	213,272	287,052
Infrastructure	14,979,973	17,614,112	13,336,842	13,645,231	28,316,815	31,259,343
Totals	\$ 49,674,021	\$ 52,501,943	\$ 13,418,886	\$ 13,730,210	\$ 63,092,907	\$ 66,232,153

The following graphs show the breakdown of governmental capital assets by category for 2011 and 2010.

Capital Assets - Governmental Activities 2011



Capital Assets - Governmental Activities 2010



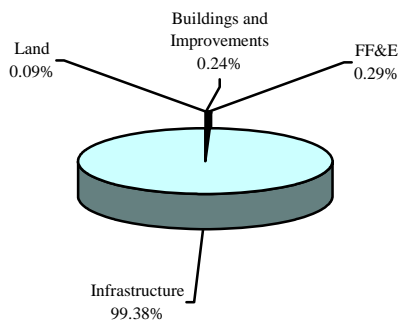
CITY OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED

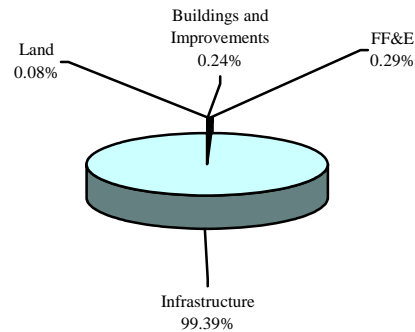
The City's largest governmental capital asset category is buildings and improvements. The net book value of the City's buildings and improvements (cost less accumulated depreciation) represents approximately 33.84% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2011 and 2010.

Capital Assets - Business - Type Activities 2011



Capital Assets - Business - Type Activities 2010



The City's largest business-type capital asset category is infrastructure. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 99.38% of the City's total business-type capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2011 and 2010:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenue bonds	\$ 10,590,000	\$ 11,320,000	\$ -	\$ -
General obligation bonds	4,120,000	4,285,000	-	-
Bond anticipation notes	950,000	-	450,000	600,000
OPWC loans	705,484	817,449	-	-
Capital lease obligations	31,738	236,832	-	-
Compensated absences	458,065	393,703	53,285	49,709
Total long-term obligations	<u>\$ 16,855,287</u>	<u>\$ 17,052,984</u>	<u>\$ 503,285</u>	<u>\$ 649,709</u>

See Note 11 to the basic financial statements for detail on the City's long-term obligations.

CITY OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED

Economic Conditions and Outlook

The City of Groveport's main source of revenue is the 2.0% City income tax. Income tax collections decreased by 12% in 2011, after decreasing approximately 1% in 2010. Income tax receipts accounted for 65% of all general fund receipts. Local government funding from the State of Ohio increased by about 4% but is expected to continue to decrease due to budget deficits at the State level. The City is anticipating a leveling or slight increase for income taxes in 2012 due to the recovering economy and additional new commercial tenants in the industrial park. In addition, the City's recreation programs, especially at the golf course and recreation center, continue to provide supplementary revenue; these programs maintained their revenues streams in 2011 while reducing expenses.

The City's industrial and commercial area has grown to 14.5 million square feet over the last few years, with the addition of a 936,000 square foot building in 2008. Economic development in the city continued to be on the upswing in 2011. Most companies posted strong employment numbers and many companies expanded operations. Union Supply relocated from a 168,000 square foot facility to a new facility on Toy Road, occupying more than 350,000 square feet and Trilogy Fulfillment (Formerly Eddie Bauer Fulfillment) continued the growth of their consolidated operation adding additional jobs.

In 2011, work began on improvements to a vacant 754,000 square foot facility on Pontius Road to house a new distribution facility for the Honeywell Corporation that is expected to be the company's largest facility in the Americas. By the end of 2011, more than 6,500 people were employed in the City. The City's commercial and industrial area currently houses Toys-r-Us, Gap, Yokohama Tire, Cardinal Health, Build A Bear, Kubota, McGraw Hill and Kraft Foods. The bulk of the City's tenants are retail or auto industry based.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Jeff Green, Director of Finance, City of Groveport, 655 Blacklick Street, Groveport, Ohio 43215.

CITY OF GROVEPORT, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Groveport CIC
Assets:				
Equity in pooled cash and investments.	\$ 4,024,084	\$ 1,533,679	\$ 5,557,763	\$ 1,322
Cash with escrow agent.	22,595	-	22,595	-
Receivables:				
Income taxes.	960,027	-	960,027	-
Real and other taxes	308,371	-	308,371	-
Accounts.	-	273,477	273,477	-
Accrued interest	8,596	-	8,596	-
Intergovernmental	518,268	-	518,268	-
Prepayments	162,950	-	162,950	-
Unamortized bond issue costs	113,007	-	113,007	-
Capital assets:				
Nondepreciable capital assets	16,745,781	11,567	16,757,348	-
Depreciable capital assets, net.	32,928,240	13,407,319	46,335,559	-
Total capital assets, net.	49,674,021	13,418,886	63,092,907	-
Total assets	55,791,919	15,226,042	71,017,961	1,322
Liabilities:				
Accounts payable.	67,754	793	68,547	-
Contracts payable.	191,469	-	191,469	-
Retainage payable	32,111	-	32,111	-
Accrued wages and benefits payable	119,025	5,063	124,088	-
Due to other governments	204,567	98,653	303,220	-
Accrued interest payable	19,433	2,671	22,104	-
Unearned revenue	270,000	-	270,000	-
Long-term liabilities:				
Due within one year	2,256,417	476,127	2,732,544	-
Due in more than one year.	14,747,527	27,158	14,774,685	-
Total liabilities	17,908,303	610,465	18,518,768	-
Net assets:				
Invested in capital assets, net of related debt	33,241,149	12,968,886	46,210,035	-
Restricted for:				
Street maintenance and repair	374,974	-	374,974	-
State highway program.	327,592	-	327,592	-
Parks and recreation	23,240	-	23,240	-
Public safety programs.	5,784	-	5,784	-
Cemetery care	105,454	-	105,454	-
Other purposes.	78,376	-	78,376	-
Unrestricted.	3,727,047	1,646,691	5,373,738	1,322
Total net assets	\$ 37,883,616	\$ 14,615,577	\$ 52,499,193	\$ 1,322

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF GROVEPORT, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 4,887,237	\$ 112,354	\$ -
Security of persons and property	1,650,274	1,834	-
Public health and welfare	47,635	5,820	-
Transportation	4,017,938	-	571,479
Community environment	254,466	192,315	39
Leisure time activity	3,553,770	2,156,701	10,200
Economic development	132,871	-	-
Interest and fiscal charges	730,120	-	-
Total governmental activities	<u>15,274,311</u>	<u>2,469,024</u>	<u>581,718</u>
Business-type activities:			
Water	507,011	411,839	-
Sewer	1,421,632	667,006	-
Clean river	19,131	-	-
Total business-type activities	<u>1,947,774</u>	<u>1,078,845</u>	<u>-</u>
Total primary government	<u>\$ 17,222,085</u>	<u>\$ 3,547,869</u>	<u>\$ 581,718</u>
Component unit:			
Groveport CIC	<u>\$ 763</u>	<u>\$ -</u>	<u>\$ 100</u>

General revenues:

Property taxes levied for:

 General purposes

Income taxes levied for:

 General purposes

 Debt service

Grants and entitlements not restricted
to specific programs

Investment earnings

Payment in lieu of taxes

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year (restated) .

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Groveport CIC
\$ (4,774,883)	\$ -	\$ (4,774,883)	\$ -
(1,648,440)	-	(1,648,440)	-
(41,815)	-	(41,815)	-
(3,446,459)	-	(3,446,459)	-
(62,112)	-	(62,112)	-
(1,386,869)	-	(1,386,869)	-
(132,871)	-	(132,871)	-
(730,120)	-	(730,120)	-
(12,223,569)	-	(12,223,569)	-
-	(95,172)	(95,172)	-
-	(754,626)	(754,626)	-
-	(19,131)	(19,131)	-
-	(868,929)	(868,929)	-
(12,223,569)	(868,929)	(13,092,498)	-
-	-	-	(663)
260,288	-	260,288	-
5,960,467	-	5,960,467	-
1,973,917	-	1,973,917	-
255,313	-	255,313	-
48,303	-	48,303	-
47,660	-	47,660	-
312,002	237	312,239	-
8,857,950	237	8,858,187	-
(217,967)	217,967	-	-
8,639,983	218,204	8,858,187	-
(3,583,586)	(650,725)	(4,234,311)	(663)
41,467,202	15,266,302	56,733,504	1,985
<u>\$ 37,883,616</u>	<u>\$ 14,615,577</u>	<u>\$ 52,499,193</u>	<u>\$ 1,322</u>

CITY OF GROVEPORT, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	<u>General</u>	<u>Street Maintenance and Repair</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Assets:				
Equity in pooled cash and investments.	\$ 2,937,095	\$ 107,683	\$ -	\$ 362,354
Cash with escrow agent.	-	-	-	22,595
Receivables:				
Income taxes.	770,198	-	189,829	-
Real and other taxes	308,371	-	-	-
Accrued interest	8,596	-	-	-
Intergovernmental	135,823	354,440	-	-
Prepayments	162,950	-	-	-
Total assets	<u>\$ 4,323,033</u>	<u>\$ 462,123</u>	<u>\$ 189,829</u>	<u>\$ 384,949</u>
Liabilities:				
Accounts payable.	\$ 62,255	\$ 5,499	\$ -	\$ -
Contracts payable.	-	-	-	191,469
Retainage payable	-	-	-	32,111
Accrued wages and benefits payable	105,313	13,712	-	-
Compensated absences payable	11,470	-	-	-
Due to other governments	204,567	-	-	-
Deferred revenue	470,264	306,699	92,578	-
Unearned revenue	270,000	-	-	-
Total liabilities	<u>1,123,869</u>	<u>325,910</u>	<u>92,578</u>	<u>223,580</u>
Fund balances:				
Nonspendable	162,950	-	-	-
Restricted.	-	136,213	-	-
Committed	56,721	-	97,251	-
Assigned	1,581,594	-	-	161,369
Unassigned	1,397,899	-	-	-
Total fund balances.	<u>3,199,164</u>	<u>136,213</u>	<u>97,251</u>	<u>161,369</u>
Total liabilities and fund balances	<u>\$ 4,323,033</u>	<u>\$ 462,123</u>	<u>\$ 189,829</u>	<u>\$ 384,949</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 616,952	\$ 4,024,084
-	22,595
-	960,027
-	308,371
-	8,596
28,005	518,268
-	162,950
<u>\$ 644,957</u>	<u>\$ 6,004,891</u>
\$ -	\$ 67,754
-	191,469
-	32,111
-	119,025
-	11,470
-	204,567
24,132	893,673
-	270,000
<u>24,132</u>	<u>1,790,069</u>
-	162,950
516,314	652,527
104,511	258,483
-	1,742,963
-	1,397,899
<u>620,825</u>	<u>4,214,822</u>
<u>\$ 644,957</u>	<u>\$ 6,004,891</u>

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CITY OF GROVEPORT, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2011

Total governmental fund balances		\$	4,214,822
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			49,674,021
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Income taxes receivable	\$	468,199	
Real and other taxes receivable		38,371	
Intergovernmental receivable		380,765	
Accrued interest receivable		6,338	
Total		893,673	893,673
On the statement of net assets interest is accrued on outstanding bonds and loans payable, whereas in governmental funds, interest is accrued when due.			(19,433)
Bond issuance costs are amortized over the life of the bonds on the statement of net assets.			113,007
Unamortized premiums on bond issuance are not recognized in governmental funds.			(148,657)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:			
Tax revenue bonds payable		(10,590,000)	
General obligation bonds payable		(4,120,000)	
Bond anticipation notes payable		(950,000)	
OPWC loans payable		(705,484)	
Capital lease payable		(31,738)	
Compensated absences		(446,595)	
Total		(16,843,817)	(16,843,817)
Net assets of governmental activities		\$	37,883,616

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF GROVEPORT, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General</u>	<u>Street Maintenance and Repair</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Revenues:				
Income taxes	\$ 5,966,550	\$ -	\$ 1,995,854	\$ -
Real and other taxes.	270,810	-	-	-
Payment in lieu of taxes.	-	-	-	-
Charges for services.	2,231,824	-	-	-
Fines, licenses and permits	212,694	-	-	-
Intergovernmental.	292,244	511,069	-	-
Investment income.	44,095	100	-	-
Other	311,868	98	-	-
Total revenues	<u>9,330,085</u>	<u>511,267</u>	<u>1,995,854</u>	<u>-</u>
Expenditures:				
Current:				
General government	4,806,216	-	-	-
Security of persons and property	1,581,627	-	-	-
Public health and welfare.	47,635	-	-	-
Transportation	118,369	505,464	-	-
Community environment	247,587	-	-	-
Leisure time activity	3,035,960	-	-	-
Economic development.	124,227	-	-	-
Capital outlay	-	-	-	1,055,131
Debt service:				
Principal retirement.	13,393	-	1,121,617	77,049
Interest and fiscal charges	3,119	-	718,356	5,608
Note issuance costs.	-	-	-	8,385
Total expenditures.	<u>9,978,133</u>	<u>505,464</u>	<u>1,839,973</u>	<u>1,146,173</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(648,048)</u>	<u>5,803</u>	<u>155,881</u>	<u>(1,146,173)</u>
Other financing sources (uses):				
Note issuance	-	-	-	950,000
Transfers in	-	30,000	-	275,000
Transfers (out).	(361,000)	-	(161,967)	-
Premium on note issuance.	-	-	-	8,680
Total other financing sources (uses)	<u>(361,000)</u>	<u>30,000</u>	<u>(161,967)</u>	<u>1,233,680</u>
Net change in fund balances	(1,009,048)	35,803	(6,086)	87,507
Fund balances at beginning of year (restated).	4,208,212	100,410	103,337	73,862
Fund balances at end of year	<u>\$ 3,199,164</u>	<u>\$ 136,213</u>	<u>\$ 97,251</u>	<u>\$ 161,369</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 7,962,404
-	270,810
47,660	47,660
17,270	2,249,094
7,236	219,930
69,844	873,157
89	44,284
36	312,002
<u>142,135</u>	<u>11,979,341</u>
51,959	4,858,175
8,110	1,589,737
-	47,635
64,346	688,179
-	247,587
16,746	3,052,706
-	124,227
-	1,055,131
-	1,212,059
-	727,083
-	8,385
<u>141,161</u>	<u>13,610,904</u>
<u>974</u>	<u>(1,631,563)</u>
-	950,000
-	305,000
-	(522,967)
-	8,680
<u>-</u>	<u>740,713</u>
974	(890,850)
619,851	5,105,672
<u>\$ 620,825</u>	<u>\$ 4,214,822</u>

CITY OF GROVEPORT, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Net change in fund balances - total governmental funds \$ (890,850)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital asset additions	\$ 767,265	
Current year depreciation	(3,595,187)	
Total		(2,827,922)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Income taxes	(28,020)	
Real and other taxes	(10,522)	
Intergovernmental revenues	(36,315)	
Interest revenues	4,208	
Total		(70,649)

Proceeds from the issuance of notes are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.

(950,000)

Repayment of bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.

1,212,059

In the statement of activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest expense reported in the statement of activities:

Accrued interest	(5,321)	
Amortization of bond issuance costs	(6,308)	
Amortization of bond premiums	8,297	
Total		(3,332)

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(52,892)

Change in net assets of governmental activities \$ (3,583,586)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF GROVEPORT, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income taxes	\$ 5,037,072	\$ 6,182,581	\$ 5,816,415	\$ (366,166)
Real and other taxes.	234,524	287,859	270,810	(17,049)
Charges for services.	1,932,781	2,372,326	2,231,824	(140,502)
Fines, licenses and permits	24,836	30,484	28,679	(1,805)
Intergovernmental.	213,967	262,626	247,072	(15,554)
Investment income.	26,947	33,075	31,116	(1,959)
Other	269,712	331,049	311,442	(19,607)
Total revenues	<u>7,739,839</u>	<u>9,500,000</u>	<u>8,937,358</u>	<u>(562,642)</u>
Expenditures:				
Current:				
General government	5,497,786	5,497,786	5,093,834	403,952
Security of persons and property	1,600,673	1,600,673	1,587,514	13,159
Public health and welfare.	58,700	58,700	47,635	11,065
Transportation	111,608	111,608	115,000	(3,392)
Leisure time activity	3,548,929	3,548,929	3,083,060	465,869
Economic development.	156,620	156,620	120,311	36,309
Total expenditures	<u>10,974,316</u>	<u>10,974,316</u>	<u>10,047,354</u>	<u>926,962</u>
Excess of expenditures over revenues	<u>(3,234,477)</u>	<u>(1,474,316)</u>	<u>(1,109,996)</u>	<u>364,320</u>
Other financing uses:				
Transfers out.	<u>(900,000)</u>	<u>(900,000)</u>	<u>(451,000)</u>	<u>449,000</u>
Total other financing uses	<u>(900,000)</u>	<u>(900,000)</u>	<u>(451,000)</u>	<u>449,000</u>
Net change in fund balances	(4,134,477)	(2,374,316)	(1,560,996)	813,320
Fund balances at beginning of year (restated) .	2,793,536	2,793,536	2,793,536	-
Prior year encumbrances appropriated	<u>108,650</u>	<u>108,650</u>	<u>108,650</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (1,232,291)</u>	<u>\$ 527,870</u>	<u>\$ 1,341,190</u>	<u>\$ 813,320</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF GROVEPORT, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 STREET MAINTENANCE AND REPAIR FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 457,062	\$ 679,737	\$ 512,320	\$ (167,417)
Investment income	89	133	100	(33)
Other	87	130	98	(32)
Total revenues	<u>457,238</u>	<u>680,000</u>	<u>512,518</u>	<u>(167,482)</u>
Expenditures:				
Current:				
Transportation	<u>682,005</u>	<u>682,005</u>	<u>510,733</u>	<u>171,272</u>
Total expenditures	<u>682,005</u>	<u>682,005</u>	<u>510,733</u>	<u>171,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(224,767)</u>	<u>(2,005)</u>	<u>1,785</u>	<u>3,790</u>
Other financing sources:				
Transfers in	-	-	30,000	30,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Net change in fund balances	(224,767)	(2,005)	31,785	33,790
Fund balances at beginning of year	67,001	67,001	67,001	-
Prior year encumbrances appropriated . . .	5,505	5,505	5,505	-
Fund balance (deficit) at end of year	<u>\$ (152,261)</u>	<u>\$ 70,501</u>	<u>\$ 104,291</u>	<u>\$ 33,790</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF GROVEPORT, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor Fund	Total
Assets:				
Current assets:				
Equity in pooled cash and investments.	\$ 543,501	\$ 990,178	\$ -	\$ 1,533,679
Receivables:				
Accounts.	112,388	161,089	-	273,477
Total current assets	<u>655,889</u>	<u>1,151,267</u>	<u>-</u>	<u>1,807,156</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable capital assets	11,567	-	-	11,567
Depreciable capital assets, net.	6,015,151	7,392,168	-	13,407,319
Total capital assets, net.	<u>6,026,718</u>	<u>7,392,168</u>	<u>-</u>	<u>13,418,886</u>
Total assets	<u>6,682,607</u>	<u>8,543,435</u>	<u>-</u>	<u>15,226,042</u>
Liabilities:				
Current liabilities:				
Accounts payable.	762	31	-	793
Accrued wages and benefits payable	5,063	-	-	5,063
Due to other governments	-	79,522	19,131	98,653
Accrued interest payable	2,671	-	-	2,671
Compensated absences payable - current.	26,127	-	-	26,127
Notes payable	450,000	-	-	450,000
Total current liabilities	<u>484,623</u>	<u>79,553</u>	<u>19,131</u>	<u>583,307</u>
Long-term liabilities:				
Compensated absences payable	27,158	-	-	27,158
Total long-term liabilities	<u>27,158</u>	<u>-</u>	<u>-</u>	<u>27,158</u>
Total liabilities	<u>511,781</u>	<u>79,553</u>	<u>19,131</u>	<u>610,465</u>
Net assets:				
Invested in capital assets, net of related debt.	5,576,718	7,392,168	-	12,968,886
Unrestricted (deficit)	594,108	1,071,714	(19,131)	1,646,691
Total net assets (deficit)	<u>\$ 6,170,826</u>	<u>\$ 8,463,882</u>	<u>\$ (19,131)</u>	<u>\$ 14,615,577</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF GROVEPORT, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor Fund	Total
Operating revenues:				
Charges for services	\$ 411,839	\$ 667,006	\$ -	\$ 1,078,845
Other operating revenues	237	-	-	237
Total operating revenues.	<u>412,076</u>	<u>667,006</u>	<u>-</u>	<u>1,079,082</u>
Operating expenses:				
Personal services	245,723	23,836	-	269,559
Contract services	50,684	1,136,701	19,131	1,206,516
Materials and supplies.	34,297	33,724	-	68,021
Depreciation.	166,798	227,371	-	394,169
Total operating expenses.	<u>497,502</u>	<u>1,421,632</u>	<u>19,131</u>	<u>1,938,265</u>
Operating loss	<u>(85,426)</u>	<u>(754,626)</u>	<u>(19,131)</u>	<u>(859,183)</u>
Nonoperating expenses:				
Interest and fiscal charges	(9,509)	-	-	(9,509)
Total nonoperating expenses	<u>(9,509)</u>	<u>-</u>	<u>-</u>	<u>(9,509)</u>
Loss before transfers	(94,935)	(754,626)	(19,131)	(868,692)
Transfer in	<u>179,967</u>	<u>38,000</u>	<u>-</u>	<u>217,967</u>
Change in net assets	85,032	(716,626)	(19,131)	(650,725)
Net assets at beginning of year (restated) . .	<u>6,085,794</u>	<u>9,180,508</u>	<u>-</u>	<u>15,266,302</u>
Net assets (deficit) at end of year.	<u>\$ 6,170,826</u>	<u>\$ 8,463,882</u>	<u>\$ (19,131)</u>	<u>\$ 14,615,577</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF GROVEPORT, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor Fund	Total
Cash flows from operating activities:				
Cash received from sales/charges for services	\$ 382,945	\$ 627,242	\$ -	\$ 1,010,187
Cash received from other operations	237	-	-	237
Cash payments for personal services	(242,286)	(23,836)	-	(266,122)
Cash payments for contract services	(51,953)	(1,061,161)	-	(1,113,114)
Cash payments for materials and supplies	(35,162)	(37,405)	-	(72,567)
Net cash provided by (used in) operating activities	53,781	(495,160)	-	(441,379)
Cash flows from noncapital financing activities:				
Cash received from transfers in	179,967	38,000	-	217,967
Net cash provided by noncapital financing activities	179,967	38,000	-	217,967
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(82,845)	-	(82,845)
Principal retirement	(600,000)	-	-	(600,000)
Interest and fiscal charges	(11,967)	-	-	(11,967)
Note issuance	450,000	-	-	450,000
Net cash used in capital and related financing activities	(161,967)	(82,845)	-	(244,812)
Net increase (decrease) in cash and cash cash equivalents	71,781	(540,005)	-	(468,224)
Cash and cash equivalents at beginning of year	471,720	1,530,183	-	2,001,903
Cash and cash equivalents at end of year	\$ 543,501	\$ 990,178	\$ -	\$ 1,533,679
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (85,426)	\$ (754,626)	\$ (19,131)	\$ (859,183)
Adjustments:				
Depreciation	166,798	227,371	-	394,169
Changes in assets and liabilities:				
(Increase) in accounts receivable	(28,894)	(39,764)	-	(68,658)
(Decrease) in accounts payable	(2,134)	(7,663)	-	(9,797)
(Decrease) in accrued wages and benefits	(139)	-	-	(139)
Increase in intergovernmental payable	-	79,522	19,131	98,653
Increase in compensated absences payable	3,576	-	-	3,576
Net cash provided by (used in) operating activities	\$ 53,781	\$ (495,160)	\$ -	\$ (441,379)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF GROVEPORT, OHIO

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011**

	<u>Agency</u>
Assets:	
Equity in pooled cash and investments.	\$ 59,814
Cash in segregated accounts	<u>17,505</u>
Total assets	<u>\$ 77,319</u>
Liabilities:	
Deposits held and due to others	\$ 77,319
Total liabilities	<u>\$ 77,319</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - DESCRIPTION OF THE CITY

The City of Groveport (the "City") was founded in 1847 and is located in Franklin County. The City 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 City Charter. The City 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 City funds.

The City 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, and other administrative support services. Madison Township provides fire protection for the City. The City's management believes these financial statements present all activities for which the City is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply these FASB Statements and Interpretations. The most significant of the City's accounting policies are described below.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City, these include public safety services, street maintenance and repair, parks, recreation, water, sewer and refuse services. Council and the City Administrator are directly responsible for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's Governing Board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

Based on the foregoing criteria, the financial activities of the Groveport Community Improvement Corporation (CIC) have been reflected in the accompanying basic financial statements as a discretely presented component unit. Information in the following notes to the basic financial statements is applicable to the primary government. Information relating to the component unit can be found in Note 19. Separately issued financial statements can be obtained by contacting Jeff Green, Executive Director, 655 Blacklick Street, Groveport, Ohio 43125.

B. Basis of Presentation

The City's BFS consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

Fund Financial Statements - Fund financial statements report detailed information about the City. 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.

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating revenues and expenses 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 City's proprietary funds are charges for sales and services, and include personnel and other expenses related to the operations of the enterprise activity. All other revenues and expenses not meeting these definitions are reported as nonoperating transactions.

C. Fund Accounting

The City 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 City classifies each fund as either governmental, proprietary or fiduciary.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General fund - This fund is used to account for and report all financial resources of the City except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street maintenance and repair - This fund accounts for revenues generated from license and gasoline taxes to be used on local roads within the City.

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

Capital improvement - The capital improvement fund accounts for the City's capital acquisitions and improvement projects.

Other governmental funds of the City are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

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 City'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 City.

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

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 City's only fiduciary funds are agency funds which account for the City's Mayor's Court, escrow inspections and engineering and flex spending accounts.

D. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

The agency funds do not report on a measurement focus as they do not report operations.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures and fees.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue. Income taxes not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes and payments in lieu of taxes due at December 31, 2011, are recorded as deferred revenue on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code 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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendments throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally 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 the legal level of budgetary control may only be made by an ordinance of the City Council.

Tax Budget - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated receipts. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the City determined that receipts collected will be greater than or less than the prior estimate and the Budget Commission finds the revised estimate to be reasonable. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The amounts reported within the budgetary statements reflect the original and final estimated resources as certified by the County Budget Commission.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The appropriations at the legal level of control for a fund may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect the final appropriation amounts, including all amendments and modifications legally enacted by Council.

Encumbrances - As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portions of the applicable appropriation. 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. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

G. Cash and Cash Equivalents

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

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2011, investments were limited to federal agency securities, negotiable certificates of deposit, municipal bonds, U.S Government money market mutual funds and the State Treasury Asset Reserve of Ohio (STAR Ohio).

CITY OF GROVEPORT, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

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.

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, 2011.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2011 amounted to \$44,095, which included \$19,066 assigned from other funds of the City.

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

H. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of streets, street lights, traffic signals, water lines, water tanks, sewer lines, sewer pumps and a sewer chamber acquired December 31, 1980 and later. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land, easements and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Land improvements	20 years	20 years
Buildings and improvements	25 - 50 years	50 years
Furniture, fixtures and equipment	5 - 20 years	30 years
Vehicles	8 years	8 years
Infrastructure:		
Streets	15 - 25 years	n/a
Street lights	12 years	n/a
Traffic signals	20 years	n/a
Water lines	n/a	50 years
Water tanks	n/a	50 - 75 years
Sewer lines	n/a	50 years
Sewer pumps	n/a	15 years
Sewer chamber	n/a	50 years

J. Compensated Absences

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

In conformity with GASB Statement No. 16, “Accounting for Compensated Absences”, vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on accumulated sick leave and employees wage rates at year end, taking into consideration any limits specified in the City’s termination policy. The City records a liability for accumulated unused sick leave for all employees with at least 10 years of service with the City.

The total liability for compensated absence payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation leave and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences, and that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, notes, loans and capital leases are recognized as a liability on the governmental fund financial statements when due.

L. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the BFS. Transfers between governmental funds are eliminated on the statement of activities.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

CITY OF GROVEPORT, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the Finance Director the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

N. Unamortized Bond Issuance Costs and Bond Premium

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized bond issuance costs are recorded as an asset on the financial statements.

Bond premiums are deferred and amortized using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes consist of amounts restricted for court computerization and FEMA.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2011.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Q. Estimates

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For the fiscal year ended December 31, 2011, the City has presented its basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). In conjunction with this presentation, the City has (1) converted its governmental funds to the modified accrual basis of accounting and (2) converted its enterprise funds, governmental activities and business-type activities to the accrual basis of accounting.

For fiscal year 2011, the City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the City.

B. Modified Accrual Basis Adjustments

The conversion of the governmental funds from the cash-basis of accounting to the modified accrual basis of accounting required certain adjustments to be recorded at December 31, 2010 to the fund cash balances as previously reported to reflect the prior year's effect of adopting these accounting principles.

The restatement to the December 31, 2010 fund cash balances for the governmental funds follows:

	Fund Cash Balance <u>December 31, 2010</u>	Modified Accrual Basis Adjustments <u> </u>	Restated Fund Balance <u>January 1, 2011</u>
Governmental fund:			
General	\$ 4,228,829	\$ (20,617)	\$ 4,208,212
Street maintenance and repair	72,506	27,904	100,410
Debt service	-	103,337	103,337
Capital improvement	73,862	-	73,862
Other governmental	<u>616,613</u>	<u>3,238</u>	<u>619,851</u>
Total governmental funds	<u>\$ 4,991,810</u>	<u>\$ 113,862</u>	<u>\$ 5,105,672</u>

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Accrual Basis Adjustments

The conversion of the enterprise funds from the cash-basis of accounting to the accrual basis of accounting required certain adjustments to be recorded at December 31, 2010 to the net cash assets as previously reported to reflect the prior year’s effect of adopting these accounting principles.

The restatement to the December 31, 2010 net cash assets for the enterprise funds follows:

	<u>Net Cash Assets December 31, 2010</u>	<u>Accrual Basis Adjustments</u>	<u>Restated Net Assets January 1, 2011</u>
Enterprise funds:			
Water	\$ 471,720	\$ 5,614,074	\$ 6,085,794
Sewer	<u>1,530,183</u>	<u>7,650,325</u>	<u>9,180,508</u>
Total enterprise funds	<u><u>\$ 2,001,903</u></u>	<u><u>\$ 13,264,399</u></u>	<u><u>\$ 15,266,302</u></u>

Under GAAP, the City’s government-wide financial statements are prepared on the accrual basis of accounting. The government-wide financial statements show the City’s programs for governmental activities and business-type activities. The conversion of the governmental activities and business-type activities from the cash-basis of accounting to the accrual basis of accounting required certain adjustments to be recorded at December 31, 2010 to the net cash assets as previously reported to reflect the prior year’s effect of adopting these accounting principles. Since the enterprise funds and the business-type activities are both reported on the accrual basis of accounting under GAAP, the total accrual basis adjustments required are the same for both.

The restatement to the December 31, 2010 net cash assets for the governmental activities and business-type activities follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net cash assets, December 31, 2010	\$ 4,991,810	\$ 2,001,903
Modified accrual basis adjustments	113,862	-
Accrual basis adjustments:		
Accounts receivable	-	204,819
Accounts payable	-	(10,590)
Accrued wages and benefits payable	-	(5,202)
Capital assets, net	52,501,943	13,730,210
Long-term (deferred) assets	964,322	-
Unamortized bond issuance costs	119,315	-
Compensated absences	(393,703)	(49,709)
Accrued interest payable	(14,112)	(5,129)
Long-term debt (including bond premium)	<u>(16,816,235)</u>	<u>(600,000)</u>
Restated net assets, January 1, 2011	<u><u>\$ 41,467,202</u></u>	<u><u>\$ 15,266,302</u></u>

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

D. Budgetary Prior Period Adjustment

In prior years certain funds that are legally budgeted in separate funds were considered part of the general fund on a budgetary basis. The City has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at December 31, 2010 is as follows:

Budgetary Basis	<u>General Fund</u>
Balance at December 31, 2010	\$ 4,119,061
Funds budgeted elsewhere	<u>(1,325,525)</u>
Restated balance at January 1, 2011	<u><u>\$ 2,793,536</u></u>

E. Deficit Net Assets

The clean river nonmajor enterprise fund had deficit net assets of \$19,131 at December 31, 2011. This deficit resulted from adjustments for accrued liabilities. The general fund is liable for deficits and provides transfers when cash is required, not when accruals occur.

F. Compliance

- i.* The City had appropriations in excess of actual resources in noncompliance with Ohio Revised Code Section 5705.36(A)(4).
- ii.* The City did not appropriate at the minimum legal level of expenditures, (the office, department, and division; and within each, the amount appropriated for personnel services), which is in noncompliance with Ohio Revised Code Section 5705.38(C).

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City 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 City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

CITY OF GROVEPORT, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 or 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 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. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and,
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

The City 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, City, 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 City.

Protection of the City'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.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 City, 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 treasurer or qualified trustee 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 City has depository accounts outside the City treasury to account for the Mayor's Court and flexible spending plan operations. The carrying amounts for these accounts at December 31, 2011 were \$3,822 and \$13,683, respectively. These amounts are included in "deposits with financial institutions" below.

B. Cash with Escrow Agent

The City has an escrow account outside the City treasury to account for retainage held for contractors. The carrying amount for this account at December 31, 2011 was \$22,595. This amount is not included in "deposits with financial institutions" below, but is reported on the financial statements as "cash with escrow agent".

C. Deposits with Financial Institutions

At December 31, 2011, the carrying amount of all City deposits was a deficit of \$(103,695). A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft due to the "zero-balance" nature of the City's bank accounts. As of December 31, 2011, \$40,270 of the City's bank balance of \$307,900 was exposed to custodial risk as discussed below, while \$267,630 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As permitted by Ohio Revised Code, the City'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 City 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 City to a successful claim by the FDIC.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2011, the City 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>
FNMA	\$ 750,367	\$ -	\$ -	\$ -	\$ -	\$ 750,367
Negotiable CD's	3,110,785	500,498	250,342	253,940	756,963	1,349,042
Municipal bonds	794,847	-	294,587	-	500,260	-
STAR Ohio	69,841	69,841	-	-	-	-
U.S. Government money market mutual funds	<u>1,012,937</u>	<u>1,012,937</u>	-	-	-	-
Total	<u>\$ 5,738,777</u>	<u>\$ 1,583,276</u>	<u>\$ 544,929</u>	<u>\$ 253,940</u>	<u>\$ 1,257,223</u>	<u>\$ 2,099,409</u>

The weighted average maturity of investments is 1.44 years.

Interest Rate Risk: The Ohio Revised Code generally 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 City'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: STAR Ohio and U.S. Government money market mutual funds carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The federal agency securities carry a rating of AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Moody's The municipal bonds carry a rating of Aa1 and AA+ by Standard & Poor's and Moody's Investor Services, respectively. The City's investment policy does not specifically address credit risk beyond requiring the City 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 City 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 City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Concentration of Credit Risk: The City'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.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The following table includes the percentage of each investment type held by the City at December 31, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FNMA	\$ 750,367	13.08
Negotiable CD's	3,110,785	54.20
Municipal bonds	794,847	13.85
STAR Ohio	69,841	1.22
U.S. Government money market mutual funds	1,012,937	17.65
Total	<u>\$ 5,738,777</u>	<u>100.00</u>

E. 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, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ (103,695)
Investments	5,738,777
Cash with escrow agent	<u>22,595</u>
Total	<u>\$ 5,657,677</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 4,046,679
Business type activities	1,533,679
Agency funds	<u>77,319</u>
Total	<u>\$ 5,657,677</u>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2011, consisted of the following, as reported in the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>	
	<u>General</u>	<u>Debt Service</u>
Street maintenance and repair	\$ 30,000	\$ -
Capital improvement	275,000	-
Water fund	18,000	161,967
Sewer fund	<u>38,000</u>	<u>-</u>
Total	<u>\$ 361,000</u>	<u>\$ 161,967</u>

CITY OF GROVEPORT, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 5 - INTERFUND TRANSFERS - (Continued)

Transfers are made to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The debt service fund transferred money to the water fund during the year regarding a debt obligation. 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 on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. 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 proceeding 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. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 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 calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Groveport. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2011 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2011 was \$1.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 89,866,650
Commercial/industrial/mineral	97,554,910
<u>Public utility</u>	
Real	12,020
Personal	<u>18,816,870</u>
Total assessed value	<u>\$ 206,250,450</u>

NOTE 7 - LOCAL INCOME TAX

The 2.0 percent City income tax, which is not subject to renewal, is levied on substantially all income earned within the City. In addition, the residents of the City are required to pay City income tax on income they earn outside the City; however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City at least quarterly. Major employers are required to remit withholdings to the City monthly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City. On the fund financial statements, income tax revenue is reported to the extent that it is measurable and available to finance current operations at December 31, 2011. Income tax revenue for 2011 was \$7,962,404 as reported in the fund financial statements.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2011, consisted of taxes, accounts (billings for user charged services), accrued interest and intergovernmental receivables arising from grants, entitlements and shared revenue. Receivables have been recorded to the extent that they are measurable at December 31, 2011.

A summary of the principal items of receivables reported on the statement of net assets follows:

<u>Governmental activities:</u>	
Income taxes	\$ 960,027
Real and other local taxes	308,371
Accrued interest	8,596
Intergovernmental	518,268
<u>Business-type activities:</u>	
Accounts	273,477

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected within the subsequent year.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 - CAPITAL ASSETS

A. Capital asset activity for the governmental activities for the year ended December 31, 2011, was as follows:

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/11</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,404,796	\$ -	\$ -	\$ 3,404,796
Intangible assets - easements	13,140,000	-	-	13,140,000
Construction in progress	-	200,985	-	200,985
Total capital assets, not being depreciated	<u>16,544,796</u>	<u>200,985</u>	<u>-</u>	<u>16,745,781</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	981,205	-	-	981,205
Buildings and improvements	20,882,240	133,516	-	21,015,756
Furniture, fixtures and equipment	974,247	72,260	-	1,046,507
Vehicles	765,662	-	-	765,662
Infrastructure:				
Streets	42,022,827	313,912	-	42,336,739
Street lights	4,132,369	46,592	-	4,178,961
Traffic signals	865,595	-	-	865,595
Total capital assets, being depreciated	<u>70,624,145</u>	<u>566,280</u>	<u>-</u>	<u>71,190,425</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(246,812)	(21,447)	-	(268,259)
Buildings and improvements	(3,808,685)	(396,267)	-	(4,204,952)
Furniture, fixtures and equipment	(726,212)	(109,050)	-	(835,262)
Vehicles	(478,610)	(73,780)	-	(552,390)
Infrastructure:				
Streets	(25,920,455)	(2,603,116)	-	(28,523,571)
Street lights	(3,084,107)	(348,247)	-	(3,432,354)
Traffic signals	(402,117)	(43,280)	-	(445,397)
Total accumulated depreciation	<u>(34,666,998)</u>	<u>(3,595,187)</u>	<u>-</u>	<u>(38,262,185)</u>
Total capital assets, being depreciated	<u>35,957,147</u>	<u>(3,028,907)</u>	<u>-</u>	<u>32,928,240</u>
Governmental activities capital assets, net	<u>\$ 52,501,943</u>	<u>\$ (2,827,922)</u>	<u>\$ -</u>	<u>\$ 49,674,021</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General government	\$ 35,434
Security of persons and property	35,049
Transportation	3,036,202
Community environment	485,740
Leisure time activity	2,762
Total depreciation expense - governmental activities	<u>\$ 3,595,187</u>

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Capital asset activity for the business-type activities for the year ended December 31, 2011 was as follows:

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/11</u>
Business-type activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 11,567	\$ -	\$ -	\$ 11,567
Total capital assets, not being depreciated	<u>11,567</u>	<u>-</u>	<u>-</u>	<u>11,567</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	7,859	-	-	7,859
Buildings and improvements	59,973	-	-	59,973
Furniture, fixtures and equipment	52,082	-	-	52,082
Infrastructure:				
Water lines	8,135,898	-	-	8,135,898
Water tanks	82,643	-	-	82,643
Sewer lines	9,966,221	82,845	-	10,049,066
Sewer pumps	304,500	-	-	304,500
Sewer chamber	304,500	-	-	304,500
Total capital assets, being depreciated	<u>18,913,676</u>	<u>82,845</u>	<u>-</u>	<u>18,996,521</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(7,859)	-	-	(7,859)
Buildings and improvements	(27,052)	(1,199)	-	(28,251)
Furniture, fixtures and equipment	(11,591)	(1,736)	-	(13,327)
Infrastructure:				
Water lines	(2,061,009)	(162,718)	-	(2,223,727)
Water tanks	(48,995)	(1,145)	-	(50,140)
Sewer lines	(2,798,644)	(200,981)	-	(2,999,625)
Sewer pumps	(183,833)	(20,300)	-	(204,133)
Sewer chamber	(56,050)	(6,090)	-	(62,140)
Total accumulated depreciation	<u>(5,195,033)</u>	<u>(394,169)</u>	<u>-</u>	<u>(5,589,202)</u>
Total capital assets, being depreciated	<u>13,718,643</u>	<u>(311,324)</u>	<u>-</u>	<u>13,407,319</u>
Business-type activities capital assets, net	<u>\$ 13,730,210</u>	<u>\$ (311,324)</u>	<u>\$ -</u>	<u>\$ 13,418,886</u>

Depreciation expense was charged to business-type activities as follows:

Business-type activities:

Water	\$ 166,798
Sewer	<u>227,371</u>
Total depreciation expense - business-type activities	<u>\$ 394,169</u>

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the City entered into capital lease agreements for the purchase of a riding 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 fund financial statements and on the budgetary statements.

Capital assets consisting of building improvements have been capitalized in the amount of \$941,325. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2011 was \$169,490, leaving a current book value of \$771,835. A corresponding liability was recorded in the government-wide financial statements. Principal payments in 2011 totaled \$13,393, \$114,652 and \$77,049 paid from the general fund, debt service fund and capital improvement fund, respectively.

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, 2011.

Fiscal Year Ending <u>December 31</u>	<u>Total</u>
2012	\$ 21,992
2013	<u>12,384</u>
Total future minimum lease payments	34,376
Less: amount representing interest	<u>(2,638)</u>
Present value of future minimum lease payments	<u>\$ 31,738</u>

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - DEBT OBLIGATIONS

A. During 2011, the following activity occurred in the governmental activities long-term obligations:

	Balance			Balance	Amounts
<u>Governmental activities:</u>	<u>12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/11</u>	<u>Due in</u>
					<u>One Year</u>
Income Tax Revenue Bonds	\$ 11,320,000	\$ -	\$ (730,000)	\$ 10,590,000	\$ 755,000
General Obligation Bonds	4,285,000	-	(165,000)	4,120,000	170,000
Bond Anticipation Notes	-	950,000	-	950,000	950,000
OPWC Loan Payable - East Main Street	416,122	-	(59,446)	356,676	59,446
OPWC Loan Payable - Hamilton Road	210,362	-	(30,052)	180,310	30,052
OPWC Loan Payable - Bixby Road	190,965	-	(22,467)	168,498	22,466
Capital Lease Payable	236,832	-	(205,094)	31,738	19,815
Compensated Absences	<u>393,703</u>	<u>272,654</u>	<u>(208,292)</u>	<u>458,065</u>	<u>249,638</u>
Total Governmental Activities	<u>\$ 17,052,984</u>	<u>\$ 1,222,654</u>	<u>\$ (1,420,351)</u>	\$ 16,855,287	<u>\$ 2,256,417</u>
Add: Unamortized premium on bonds				<u>148,657</u>	
Total on the Statement of Net Assets				<u>\$ 17,003,944</u>	

Income Tax Revenue Bonds: On October 1, 2002, the City 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 City used \$1,291,606 from the issuance to purchase securities which were placed in an irrevocable trust which provided 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 was reduced to zero at December 31, 2011.

The City 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 63.66 percent of net revenues. The total principal remaining to be paid on the income tax revenue bonds is \$10,590,000. Principal and interest paid for the current year and total available income tax revenues were \$1,270,585 and \$1,995,854, respectively.

General Obligation Bonds: On January 14, 2010, the City issued \$4,465,000 general obligation bonds, comprised of \$3,025,000 serial bonds maturing December 1, 2029, and term bonds of \$430,000, \$480,000 and \$530,000 maturing each December 1 of 2021, 2023 and 2025, respectively. The bond proceeds were used to retire the Land Acquisition and Improvement Bond Anticipation Notes, which were issued for the purchase of a golf course and the construction of certain public infrastructure improvements. The bonds bear an interest rate ranging from 2.00% to 5.00% and have a final maturity date of December 1, 2029.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - DEBT OBLIGATIONS - (Continued)

Bond Anticipation Notes: On July 26, 2011, the City issued \$950,000 in notes, bearing an interest rate of 1.375%, for the purpose of financing street improvements and clubhouse renovations at the golf course. The notes have a maturity date of July 26, 2012.

The entire 2011 note issue was refinanced prior to the issuance of the financial statements and have a new maturity beyond the end of the year in which the report is issued and have been reported in the government-wide statements as a long-term liability (see Note 20 for detail). The notes are backed by the full faith of the City.

OPWC Loans: The City 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%.

Compensated Absences: Compensated absences will be paid from the fund from which the employee is paid. This includes the general fund and the street maintenance and repair major governmental fund.

All bonds, notes and loans are expected to be paid from the debt service fund. Capital leases are paid from the general, debt service, and capital improvement fund.

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

Fiscal Year Ending December 31,	Revenue Bonds			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 755,000	\$ 516,860	\$ 1,271,860	\$ 170,000	\$ 168,286	\$ 338,286
2013	790,000	479,110	1,269,110	170,000	164,886	334,886
2014	820,000	452,250	1,272,250	175,000	161,486	336,486
2015	860,000	411,250	1,271,250	180,000	157,111	337,111
2016	905,000	368,250	1,273,250	185,000	152,161	337,161
2017 - 2021	5,250,000	1,115,500	6,365,500	1,020,000	656,464	1,676,464
2022 - 2026	1,210,000	60,500	1,270,500	1,295,000	390,340	1,685,340
2027 - 2029	-	-	-	925,000	81,811	1,006,811
Total	<u>\$ 10,590,000</u>	<u>\$ 3,403,720</u>	<u>\$ 13,993,720</u>	<u>\$ 4,120,000</u>	<u>\$ 1,932,545</u>	<u>\$ 6,052,545</u>

Fiscal Year Ending December 31,	OPWC Loans		
	Principal	Interest	Total
2012	\$ 111,964	\$ -	\$ 111,964
2013	111,965	-	111,965
2014	111,964	-	111,964
2015	111,965	-	111,965
2016	111,964	-	111,964
2017 - 2019	<u>145,662</u>	<u>-</u>	<u>145,662</u>
Total	<u>\$ 705,484</u>	<u>\$ -</u>	<u>\$ 705,484</u>

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - DEBT OBLIGATIONS - (Continued)

B. During 2011, the following activity occurred in the business-type activities long-term obligations:

	Balance			Balance	Due in
<u>Business-type Activities:</u>	<u>12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/11</u>	<u>One Year</u>
Water System Improvement Notes	\$ 600,000	\$ -	\$ (600,000)	\$ -	\$ -
Bond Anticipation Notes	-	450,000	-	450,000	450,000
Compensated Absences	<u>49,709</u>	<u>17,024</u>	<u>(13,448)</u>	<u>53,285</u>	<u>26,127</u>
Total Business-type Activities	<u>\$ 649,709</u>	<u>\$ 467,024</u>	<u>\$ (613,448)</u>	<u>\$ 503,285</u>	<u>\$ 476,127</u>

Bond Anticipation Notes: On July 26, 2011, the City issued \$450,000 in notes, bearing an interest rate of 1.375%, for water line reconstruction. The notes mature July 26, 2012. The proceeds were used to retire the water system improvement notes.

The entire 2011 note issue was refinanced prior to the issuance of the financial statements and have a new maturity beyond the end of the year in which the report is issued and have been reported in the government-wide statements as a long-term liability (see Note 20 for detail). The notes are backed by the full faith of the City.

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 City'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 City'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, 2011, the City's total debt margin was \$17,633,548 and the unvoted debt margin was \$7,223,775.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2011, the City was part of the Central Ohio Risk Management Association (CORMA), for general liability, property, auto, crime, forgery, employee liability, public officers liability, and boiler and machinery insurance. The City has transferred its risk of loss to the insurance carrier to the extent of the limits shown in the following table.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 12 - RISK MANAGEMENT - (Continued)

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Limits of Coverage</u>
<u>Property</u>	\$10,000	\$335,353,093
<u>General Liability:</u>		
Per occurrence	100,000	1,000,000
Annual aggregate	100,000	2,000,000
<u>Inland Marine:</u>		
Accounts Receivable	-	100,000
Police and Contractors Equipment	25,000	10,000,000
EDP	25,000	8,200,000
<u>Vehicles:</u>		
Comprehensive	50,000	Actual cash value
Collision	50,000	Actual cash value
<u>Employees:</u>		
Public Officials Liability	100,000	1,000,000
Employee Benefit Liability	100,000	1,000,000
Police Professional Liability	100,000	1,000,000

B. Health Insurance

During 2011, the City was insured through Commercial Health insurance coverage with Medical Mutual of Ohio. The City employees pay 10% contributions towards their health insurance premiums.

C. Workers' Compensation

The City participates in the Ohio Municipal League (OML) public entity insurance purchasing pool for workers' compensation. The Group Rating Plan is administered by CompManagement, Inc. 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.

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.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City 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.

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 which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, 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 2011, member and contribution rates were consistent across all three plans. The 2011 member contribution rates were 10.00% for members. The City's contribution rate for 2011 was 14.00% of covered payroll.

The City's contribution rate for pension benefits for members in the Traditional Plan for 2011 was 10.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2011 was 7.95%. For those plan members in law enforcement and public safety pension contributions were 14.10%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$315,757, \$281,679, and \$332,119, respectively; 90.54% has been contributed for 2011 and 100% has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$14,613 made by the City and \$10,438 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - The City 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.

CITY OF GROVEPORT, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 13 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2011, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers for the year ended December 31, 2011, 2010, and 2009 were \$188,594, \$180,996 and \$165,948, respectively. 79.06% has been contributed for 2011 and 100% has been contributed for 2010 and 2009.

NOTE 14 - POSTEMPLOYMENT 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 visiting <https://www.opers.org/investments/cafr.shtml>, 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 administrated in accordance with, Internal Revenue Code Section 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 2011, local government employers contributed 14.00% of covered payroll. 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 portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2011 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2011 was 6.05%.

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.

CITY OF GROVEPORT, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 14 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$127,441, \$160,161, and \$237,543, respectively; 90.54% has been contributed for 2011 and 100% has been contributed for 2010 and 2009.

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 for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The City 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 Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

CITY OF GROVEPORT, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 14 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)

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, 2011, 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).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers for the years ended December 31, 2011, 2010, and 2009 were \$99,844, \$95,821 and \$87,855, respectively. 79.06% has been contributed for 2011 and 100% has been contributed for 2010 and 2009.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and street maintenance fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

Net Change in Fund Balance

	<u>General fund</u>	<u>Street Maintenance and Repair</u>
Budget basis	\$ (1,560,996)	\$ 31,785
Net adjustment for revenue accruals	108,286	(1,251)
Net adjustment for expenditure accruals	90,523	1,877
Net adjustment for other sources/uses	90,000	-
Funds budgeted elsewhere	132,853	-
Adjustment for encumbrances	<u>130,286</u>	<u>3,392</u>
GAAP basis	<u>\$ (1,009,048)</u>	<u>\$ 35,803</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the income tax rainy day fund, building standards fund and township inspection fund.

NOTE 16 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous 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 fund types included herein or on the overall financial position of the City at December 31, 2011.

B. Litigation

The City is not a party to any legal proceedings that could have a material effect on the financial condition of the City.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 17 - FUND BALANCE

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

Fund balance	General	Street Maintenance and Repair	Debt Service	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays	\$ 162,950	\$ -	\$ -	\$ -	\$ -	\$ 162,950
Total nonspendable	<u>162,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,950</u>
Restricted:						
Street maintenance and repair	-	136,213	-	-	-	136,213
State highway program	-	-	-	-	303,460	303,460
Parks and recreation	-	-	-	-	23,240	23,240
Public safety programs	-	-	-	-	5,784	5,784
Cemetery care	-	-	-	-	105,454	105,454
Other purposes	-	-	-	-	78,376	78,376
Total restricted	<u>-</u>	<u>136,213</u>	<u>-</u>	<u>-</u>	<u>516,314</u>	<u>652,527</u>
Committed:						
Building inspection	56,721	-	-	-	-	56,721
Debt service	-	-	97,251	-	-	97,251
Parks and recreation	-	-	-	-	104,511	104,511
Total committed	<u>56,721</u>	<u>-</u>	<u>97,251</u>	<u>-</u>	<u>104,511</u>	<u>258,483</u>
Assigned:						
Subsequent year appropriations	1,463,733	-	-	-	-	1,463,733
General operations	100,657	-	-	-	-	100,657
Public safety programs	2,618	-	-	-	-	2,618
Parks and recreation	14,586	-	-	-	-	14,586
Capital improvement	-	-	-	161,369	-	161,369
Total assigned	<u>1,581,594</u>	<u>-</u>	<u>-</u>	<u>161,369</u>	<u>-</u>	<u>1,742,963</u>
Unassigned	<u>1,397,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,397,899</u>
Total fund balances	<u>\$ 3,199,164</u>	<u>\$ 136,213</u>	<u>\$ 97,251</u>	<u>\$ 161,369</u>	<u>\$ 620,825</u>	<u>\$ 4,214,822</u>

CITY OF GROVEPORT, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 18 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 117,861
Street maintenance and repair	3,392
Capital improvement	<u>150,814</u>
Total	<u>\$ 272,067</u>

NOTE 19 - GROVEPORT COMMUNITY IMPROVEMENT CORPORATION

A. Description of the Reporting Entity

The Groveport Community Improvement Corporation (the "Corporation") was created in 2002 and incorporated as a not-for-profit corporation under Title XVII, Chapters 1702 and 1724 of the Ohio Revised Code for the purpose to advance, encourage, and promote industrial, economic, commercial and civic development for the City of Groveport (the "City"). The Corporation has been designated as the City's agent for industrial and commercial distributions and research development.

The Board of Trustees is to be comprised of ten members. The Trustees shall be chosen from two (2) categories in accordance with the following:

- A) Trustees who qualify for inclusion in Category A) shall be the following elected or appointed officials of the City of Groveport: Member of Council, Member of the City Planning Commission, Mayor, City Administrator, Law Director, Finance Director or Chief Building Officer.
- B) Those persons who qualify for inclusion in Category B) shall be members of the Corporation who are not elected or appointed officials of the City of Groveport. There shall always be three (3) Trustees selected from persons who qualify for this inclusion in Category A) and four (4) Trustees who qualify for inclusion in Category B).

The election of trustees shall take place at the first meeting of the Trustees in January. The elected and appointed officials of the City shall be elected for one (1) year and shall continue in the office until their successors are elected and qualified. All remaining Trustees shall be elected for two (2) years and shall continue in office until their successors are elected and qualified.

CITY OF GROVEPORT, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 19 - GROVEPORT COMMUNITY IMPROVEMENT CORPORATION - (Continued)

The City is a charter municipal corporation incorporated under the laws of the State of Ohio. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, the City's primary government and basic financial statements include component units which are defined as legally separate organizations for which the City is financially accountable. Financial accountability is defined as the appointment of a voting majority of the organization's board and either; 1) The City's ability to impose its will over the organization, or 2) the possibility that the organization will provide a financial benefit or impose a financial burden to the City. The Corporation is a legally separate entity and is reported by the City as a discretely presented component unit in the City's basic financial statements. The Corporation does not have any component units and does not include any other organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable.

B. Summary of Significant Accounting Policies

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of American (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Corporation also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, provided it does not conflict with or contradict GASB pronouncements. The Corporation has the option to apply FASB guidance issued after November 30, 1989, subject to this same limitation. The Corporation has elected not to apply this FASB guidance. The Corporation's significant accounting policies are described below.

Basis of Accounting - The basic financial statements of the Corporation are prepared using the accrual basis of accounting in conformity with GAAP. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation - The Corporation's basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, all cash in the Corporation's checking account is considered to be cash and cash equivalents. All monies received by the Corporation are deposited in a demand deposit account.

Federal Income Tax - The Corporation is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code.

Net Assets - Net assets represent the difference between assets and liabilities. The Corporation does not have restricted net assets.

Operating Revenues & Expenses - Operating revenues consist primarily of fees for providing services and other income. Operating expenses include the cost of providing these services, including administrative expenses.

Nonoperating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses. Nonoperating revenues include grants and interest from investments. Nonoperating expenses include interest expense and other nonoperating expenses.

CITY OF GROVEPORT, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 19 - GROVEPORT COMMUNITY IMPROVEMENT CORPORATION - (Continued)

C. Cash, Cash Equivalents and Investments

At December 31, 2011, the carrying amount of the Corporation's deposits was \$1,322. Based on criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of December 31, 2011, the entire bank balance was covered by the Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposits of funds held by the Corporation.

D. Risk Management

The Corporation is not exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

E. Contingent Liabilities

The Corporation is not involved in material litigation as either plaintiff or defendant.

NOTE 20 - SUBSEQUENT EVENTS

On July 26, 2012, the City issued bond anticipation notes in the amount of \$1,400,000. The proceeds were used to retire the bond anticipation notes that matured on the same date. The new notes issued have a July 25, 2013 maturity date and bear an interest rate of 1.375%.

Also on July 26, 2012, the City issued bond anticipation notes in the amount of \$500,000 for the purpose of financing golf course improvements. The notes have a July 25, 2013 maturity date and bear an interest rate of 1.625%.



Julian & Grube, Inc.
Serving Ohio Local Governments

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

City 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Groveport, Franklin County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the City of Groveport's basic financial statements and have issued our report thereon dated August 24, 2012. We noted the City of Groveport implemented presenting their financial statements in accordance with generally accepted accounting principles as well as adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Groveport's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City of Groveport's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City of Groveport's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control over financial reporting. We consider finding 2011-COG-001 to be a significant deficiency. 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.

Members of Council and Mayor
City of Groveport

Compliance and Other Matters

As part of reasonably assuring whether the City 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 two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2011-COG-002 and 2011-COG-003.

The City 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 City of Groveport's responses and, accordingly, we express no opinion on them.

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

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

Julian & Grube, Inc.
August 24, 2012

**CITY OF GROVEPORT
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2011-COG-001

Significant Deficiency – Financial Reporting

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. It is important that control procedures are developed related to capital assets that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

The City had an adjustment to its beginning (December 31, 2010) balance of Governmental Activities capital assets. This resulted in various categories being adjusted, net of accumulated depreciation, in the amount of \$1,686,767.

By not having proper policies and procedures in place to track capital asset additions and disposals and a complete capital asset inventory listing, the City many not report capital assets materially correct in the financial statements.

We recommend the City continue to review and update its asset inventory listing, which includes the original purchase check number, asset tag number and the description and location of each asset. We recommend the City implement a policy and related procedures for the personnel in the various departments to record capital asset additions and disposals in a timely manner and in accordance with generally accepted accounting principles. We also recommend the City consider obtaining an independent appraisal of its capital assets.

Client Response: This is the first year the City was required to follow GAAP since 2006 due to the City losing its Village status based on the 2010 census. The City put a great effort into establishing capital asset amounts, we further anticipate obtaining an appraisal in 2012.

Finding Number	2011-COG-002
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Noncompliance

Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the clerk-treasurer 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 fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, 2011, the City had appropriations greater than actual resources, in the following funds:

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriation</u>	<u>Excess</u>
General Fund	\$ 11,730,894	\$ 11,765,666	\$ 34,772
<u>Major Governmental Funds</u>			
Street Maintenance and Repair	609,519	676,500	66,981
Capital Improvements	1,242,493	1,286,000	43,507

**CITY OF GROVEPORT
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2011-COG-002 - (Continued)

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

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

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

Finding Number	2011-COG-003
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Noncompliance

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 City 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 City 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 City modified their legal level of control beginning January 1, 2012 to comply with the Ohio Revised Code.

**CITY OF GROVEPORT
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-VOG-001	<u>Significant Deficiency - Payroll Disbursement Allocation</u> - Payroll disbursements should be charged to funds and departments based upon actual work performed by employees and officials.	Yes	N/A
2010-VOG-002	Ohio Revised Code Section 5705.36(A)(4) states that upon a determination by the Clerk/Treasurer 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 Fiscal Officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.	No	Repeated as finding 2011-COG-002
2010-VOG-003	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, division, and, within each, the amount appropriated for personal services.	No	Repeated as finding 2011-COG-003



Dave Yost • Auditor of State

CITY 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
NOVEMBER 13, 2012