



**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Canal Winchester
Franklin County
36 South High Street
Canal Winchester, Ohio 43110-1213

To the Village Council:

We have audited the accompanying financial statements of the Village of Canal Winchester, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

June 1, 2001

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$2,349,986	\$39,505	\$0	\$0	\$2,389,491
Special Assessments	0	0	50,000	0	50,000
Intergovernmental Receipts	182,907	257,270	0	556,151	996,328
Charges for Services	112,918	60,190	0	0	173,108
Fines, Licenses, and Permits	450,974	4,670	0	0	455,644
Miscellaneous	436,649	0	0	282	436,931
Total Cash Receipts	<u>3,533,434</u>	<u>361,635</u>	<u>50,000</u>	<u>556,433</u>	<u>4,501,502</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	628,865	0	0	0	628,865
Public Health Services	2,138	0	0	0	2,138
Leisure Time Activities	106,653	136,604	0	0	243,257
Community Environment	465,459	0	0	0	465,459
Basic Utility Services	56,851	0	0	0	56,851
Transportation	774,616	322,523	0	0	1,097,139
General Government	881,789	10,276	0	0	892,065
Debt Service					
Principal Payments	0	0	1,243,100	200,000	1,443,100
Interest Payments	0	0	246,745	378,961	625,706
Capital Outlay	90,725	5,561	0	605,757	702,043
Total Cash Disbursements	<u>3,007,096</u>	<u>474,964</u>	<u>1,489,845</u>	<u>1,184,718</u>	<u>6,156,623</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>526,338</u>	<u>(113,329)</u>	<u>(1,439,845)</u>	<u>(628,285)</u>	<u>(1,655,121)</u>
Other Financing Receipts/(Disbursements):					
Sale of Notes	600,000	0	900,000	0	1,500,000
Transfers-In	0	164,500	539,845	573,935	1,278,280
Transfers-Out	(685,308)	0	0	0	(685,308)
Other Uses	(4,999)	0	0	0	(4,999)
Total Other Financing Receipts/(Disbursements)	<u>(90,307)</u>	<u>164,500</u>	<u>1,439,845</u>	<u>573,935</u>	<u>2,087,973</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>436,031</u>	<u>51,171</u>	<u>0</u>	<u>(54,350)</u>	<u>432,852</u>
Fund Cash Balances, January 1, 2000	<u>142,054</u>	<u>34,344</u>	<u>0</u>	<u>54,377</u>	<u>230,775</u>
Fund Cash Balances, December 31, 2000	<u>\$578,085</u>	<u>\$85,515</u>	<u>\$0</u>	<u>\$27</u>	<u>\$663,627</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$2,332,572	\$0	\$2,332,572
Operating Cash Disbursements:			
Personal Services	407,493	0	407,493
Travel Transportation	11,208	0	11,208
Contractual Services	470,303	0	470,303
Supplies and Materials	129,198	0	129,198
Capital Outlay	8,158	0	8,158
Total Operating Cash Disbursements	1,026,360	0	1,026,360
Operating Income/(Loss)	1,306,212	0	1,306,212
Non-Operating Cash Receipts:			
Fines and Forfeitures		101,312	101,312
Other Non-Operating Receipts	10,983	0	10,983
Total Non-Operating Cash Receipts	10,983	101,312	112,295
Non-Operating Cash Disbursements:			
Distribution of Fines and Forfeitures		95,907	95,907
Debt Service	338,019		338,019
Total Non-Operating Cash Disbursements	338,019	95,907	433,926
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	979,176	5,405	984,581
Transfers-In	316,053	0	316,053
Transfers-Out	(909,025)	0	(909,025)
Net Receipts Over/(Under) Disbursements	386,204	5,405	391,609
Fund Cash Balances, January 1, 2000	770,246	385	770,631
Fund Cash Balances, December 31, 2000	\$1,156,450	\$5,790	\$1,162,240

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$2,322,107	\$30,238	\$0	\$0	\$2,352,345
Special Assessments	0	0	50,159	0	50,159
Intergovernmental Receipts	339,359	240,486	0	665,585	1,245,430
Charges for Services	97,844	49,871	0	0	147,715
Fines, Licenses, and Permits	344,851	3,674	0	0	348,525
Miscellaneous	487,659	0	0	55,539	543,198
Total Cash Receipts	<u>3,591,820</u>	<u>324,269</u>	<u>50,159</u>	<u>721,124</u>	<u>4,687,372</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	619,065	0	0	0	619,065
Public Health Services	1,271	0	0	0	1,271
Leisure Time Activities	91,274	134,004	0	0	225,278
Community Environment	423,755	0	0	0	423,755
Basic Utility Services	37,600	0	0	0	37,600
Transportation	350,221	371,769	0	0	721,990
General Government	873,148	11,949	0	0	885,097
Debt Service					
Principal Payments	0	0	6,092,761	8,000,000	14,092,761
Interest Payments	0	0	330,522	376,000	706,522
Capital Outlay	1,379,797	73,237	0	1,225,252	2,678,286
Total Cash Disbursements	<u>3,776,131</u>	<u>590,959</u>	<u>6,423,283</u>	<u>9,601,252</u>	<u>20,391,625</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(184,311)</u>	<u>(266,690)</u>	<u>(6,373,124)</u>	<u>(8,880,128)</u>	<u>(15,704,253)</u>
Other Financing Receipts/(Disbursements):					
Sale of Notes	0	0	2,000,175	0	2,000,175
Sale of Bonds	0	0	4,006,078	6,788,000	10,794,078
Transfers In	0	228,000	366,871	360,569	955,440
Transfers Out	(594,872)	0	0	0	(594,872)
Other Uses	(4,083)	0	0	0	(4,083)
Total Other Financing Receipts/(Disbursements)	<u>(598,955)</u>	<u>228,000</u>	<u>6,373,124</u>	<u>7,148,569</u>	<u>13,150,738</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(783,266)</u>	<u>(38,690)</u>	<u>0</u>	<u>(1,731,559)</u>	<u>(2,553,515)</u>
Fund Cash Balances, January 1, 1999	<u>925,320</u>	<u>73,034</u>	<u>0</u>	<u>1,785,936</u>	<u>2,784,290</u>
Fund Cash Balances, December 31, 1999	<u>\$142,054</u>	<u>\$34,344</u>	<u>\$0</u>	<u>\$54,377</u>	<u>\$230,775</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$1,655,422	\$0	\$1,655,422
Operating Cash Disbursements:			
Personal Services	403,039	0	403,039
Travel Transportation	14,596	0	14,596
Contractual Services	569,458	0	569,458
Supplies and Materials	119,484	0	119,484
Capital Outlay	26,466	0	26,466
Total Operating Cash Disbursements	1,133,043	0	1,133,043
Operating Income/(Loss)	522,379	0	522,379
Non-Operating Cash Receipts:			
Fines and Forfeitures		72,428	72,428
Other Non-Operating Receipts	21,967	0	21,967
Total Non-Operating Cash Receipts	21,967	72,428	94,395
Non-Operating Cash Disbursements:			
Distribution of Fines and Forfeitures		77,383	77,383
Debt Service	338,019		338,019
Total Non-Operating Cash Disbursements	338,019	77,383	415,402
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	206,327	(4,955)	201,372
Transfers-In	327,036	0	327,036
Transfers-Out	(687,605)	0	(687,605)
Net Receipts Over/(Under) Disbursements	(154,242)	(4,955)	(159,197)
Fund Cash Balances, January 1, 1999	924,488	5,340	929,828
Fund Cash Balances, December 31, 1999	<u>\$770,246</u>	<u>\$385</u>	<u>\$770,631</u>

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Canal Winchester, Franklin County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected seven-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services. The Village contracts with the Franklin County Sheriff's department to provide security of persons and property.

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

The Canal Winchester Industry and Commerce Corporation, CWICC, is a legally separate, non-profit corporation created on August 22, 1994 pursuant of the provisions of Ohio Rev. Code Section 1724.10. The CWICC is governed by a five-member Board of Trustees. Two of the members are made up from elected Village officials and the remaining three members are elected by the CWICC. Vacancies are appointed by the remaining Trustees by an affirmative majority vote.

The CWICC's sole purpose is to carry out the Plan of Industrial, Commercial, Distribution and Research Development for the Village. The Village is not required under this agreement to provide any financial contribution to the CWICC. The Village did not expend any money in 2000 or 1999 to the CWICC.

The CWICC can incur debt, mortgage its property acquired, otherwise issue its obligations for the purpose of acquiring, constructing, improving and equipping buildings, structures and other properties and acquiring sites.

The financial activities of the CWICC are not included in the financial statements of the Village.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. The Repurchase Agreement is valued at cost.

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 disbursements, respectively.

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

General Obligation Fund - This fund is used to repay general obligation bonds and any short term note obligations.

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital projects funds:

Waste Water Treatment Plant Fund - This fund is used to account for the acquisition and construction of the waste water treatment plant.

Issue II Fund - This fund is used for approved construction projects.

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

5. Enterprise Funds (Continued)

Water Connection Fund - This fund receives water connection fees collected from the developers' on new homes.

Sewer Connection Fund - This fund receives sewer connection fees collected from the developers' on new homes.

6. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund - This fund is used to account for all resources derived from the Mayor's Court activities.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 12,144	\$ (124,305)
Total deposits	<u>12,144</u>	<u>(124,305)</u>
STAR Ohio	1,570,103	731,225
Repurchase Agreement	<u>243,620</u>	<u>394,486</u>
Total investments	<u>1,813,723</u>	<u>1,125,711</u>
Total deposits and investments	<u>\$ 1,825,867</u>	<u>\$ 1,001,406</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 3,573,160	\$ 4,133,434	\$ 560,274
Special Revenue	591,200	526,135	(65,065)
Debt Service	1,476,589	1,489,845	13,256
Capital Projects	1,283,787	1,130,368	(153,419)
Enterprise	<u>2,353,788</u>	<u>2,659,608</u>	<u>305,820</u>
Total	<u>\$ 9,278,524</u>	<u>\$ 9,939,390</u>	<u>\$ 660,866</u>

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,918,685	\$ 3,697,403	\$ 221,282
Special Revenue	565,890	474,964	90,926
Debt Service	1,476,588	1,489,845	(13,257)
Capital Projects	1,283,787	1,184,718	99,069
Enterprise	2,660,819	2,273,404	387,415
Total	<u>\$ 9,905,769</u>	<u>\$ 9,120,334</u>	<u>\$ 785,435</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,310,620	\$ 3,591,820	281,200
Special Revenue	560,500	552,269	(8,231)
Debt Service	5,424,300	6,423,283	998,983
Capital Projects	3,029,000	7,869,693	4,840,693
Enterprise	2,235,840	2,004,425	(231,415)
Total	<u>\$ 14,560,260</u>	<u>\$ 20,441,490</u>	<u>5,881,229</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,577,829	\$ 4,375,086	\$ 202,743
Special Revenue	670,718	590,959	79,759
Debt Service	5,246,091	6,423,283	(1,177,192)
Capital Projects	9,789,231	9,601,252	187,979
Enterprise	2,331,980	2,158,667	173,313
Total	<u>\$ 22,615,849</u>	<u>\$ 23,149,247</u>	<u>\$ (533,398)</u>

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #0885	\$ 1,591,616	8%
Ohio Water Development Authority Loan #0834	431,290	7%
Ohio Water Development Authority Loan #6005	489,092	6%
General Obligation Bonds 1993 Series	760,000	5%
General Obligation Bonds 1994 Series	305,000	6%
Sewer System Mortgage Revenue Bonds	6,588,000	5%
Ohio Public Works Commission #CT212	51,288	0%
Ohio Public Works Commission #CT808	76,273	3%
Total	\$10,292,559	

**Long Term Debt
1999**

The Village issued \$6,788,000 Sewer System Adjustable Rate First Mortgage Revenue Bonds Series 1999 on November 30, 1999 at an interest rate of 5.21%. The Bonds shall mature on December 1, 2004. The purpose of the issuances was to refund outstanding notes with security of the bonds based on the pledge of assigned revenues.

The Village issued \$4,000,000 various purpose bonds dated May 26, 1999. The bonds are general obligations of the Village and contain a pledge of the full faith and credit of the Village for the repayment of the principal and interest on the bonds when due. The bonds are to mature on December 31, 2019 with interest payments on June and December 1. The Village intends to pay the debt service on the bonds from the proceeds of the Village's municipal income tax.

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

Other Long Term Debt

The Village entered into an agreement with the Ohio Water Development Authority for \$2,320,500 with an 8.26% interest rate on October 13, 1987. The purpose of the agreement was to finance the Water Treatment Plant Improvements (OWDA #0885). The debt shall mature on January 1, 2014.

The Village entered into an agreement with the Ohio Water Development Authority for \$754,485 with a 7.36% interest rate on January 1, 1988. The purpose of the agreement was to finance the Waste Water Treatment Plant Improvements (OWDA #0834). The debt shall mature on July 1, 2008.

The Village entered into an agreement with the Ohio Water Development Authority for \$752,820 with a 6.02% interest rate on January 1, 1994. The purpose of the agreement was to finance Sewer Improvements (OWDA #6005). The debt shall mature on January 1, 2014.

The Village issued \$995,000 of general obligation bonds for the Ohio Water and Sewer System Improvement Bonds Series 1993. The bonds shall mature on December 31, 2013.

The Village issued \$370,000 of bonds in anticipation of the collection of special assessments levied for the Ohio Water and Sewer System Improvement Bonds Series 1994. The bonds shall mature on November 15, 2014.

The Village issued a promissory note with the Ohio Public Works Commission for \$100,800 with a zero interest rate on August 21, 1990. The purpose of the note was to finance Hocking Street Waterline project (CT 212). The notes shall mature on January 1, 2012.

The Village issued a promissory note with the Ohio Public Works Commission for \$186,500 with a 3% interest rate on July 1, 1994. The purpose of the note was to finance the Columbus & Washington Street Waterline project (CC 808). The notes shall mature on January 1, 2016.

**Short Term Debt
1999**

The Village issued \$1,000,000 various purpose bond anticipation notes, series 1999 at a rate of 3.80% dated May 26, 1999 which mature on May 26, 2000. The notes are being issued in anticipation of the issuance of bonds for the purpose of acquiring for public purposes approximately 95 acres of real estate lying north of Route 33 in Violet Township with related costs and expenses, and retiring notes previously issued for such purpose.

The Village issued \$1,000,000 Gender Road Improvement Notes, Series 1999 dated January 12, 1999. The notes are dated January 12, 1999 and bear interest from the date thereof at the rate of 3.85% and mature on July 15, 1999. The notes are being issued in anticipation of the issuance of bonds for the purpose of improving Gender Road by widening, rebuilding, and resurfacing the roadway, constructing storm drainage improvements, water and sewer improvements and bicycle paths, installing traffic lights and signage, with related landscaping and site improvements and retiring notes previously issued. The notes are payable from the proceeds from the sale of the bonds anticipated by the Notes and are secured by the pledge of the full faith and credit of the Village for the payment thereof, by the pledge of the Village to levy special assessments upon the property benefitted by the improvements financed with Note proceeds.

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

**Short Term Debt (Continued)
2000**

The Village issued \$600,000 Street Improvement Assessment Notes dated October 12, 2000 at a rate of 4.80% which mature on October 10, 2001. The notes are being issued in anticipation of the issuance of bonds and in anticipation of the levy and collection of special assessment for the purpose of rebuilding, surfacing, and paving Walnut Street together with storm sewer improvements and other appurtenances, costs and expenses. The notes are payable from the sale of bonds anticipated by the notes or from the sale of renewal notes, and are secured by the pledge of the full faith and credit of the Village.

The Village issued \$900,000 various purpose notes, series 2000 at a rate of 5.40% which mature on May 24, 2001. The notes are being issued in anticipation of the issuance of bonds for the purpose of acquiring for public purposes approximately 95 acres of real estate lying north of Route 33 in Violet Township with related costs and expenses, and retiring notes previously issued for such purpose. The notes are payable from the proceeds from the sale of the bonds anticipated by the notes or from the sale of renewal notes, and are secured by the pledge of the full faith and credit of the Village for the payment thereof and by the pledge of the Village to levy ad valorem taxes within the ten mill limitation upon all property on the general tax lists and duplicates of the Village, in an amount sufficient to pay the principal of and interest on the bonds in anticipation of which the notes are issued.

The above short term note issuances are not included in the amortization schedules.

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

Year ending December 31:	OWDA Loans	General Obligation Bonds	OPWC Loans	Sewer System Mortgage Bonds
2001	\$ 327,227	\$ 124,845	\$ 10,793	\$ 548,495
2002	327,227	121,613	10,793	547,815
2003	327,227	123,320	10,793	551,613
2004	327,227	119,700	10,793	6,252,630
2005	327,227	120,990	10,793	
Subsequent	<u>2,378,708</u>	<u>979,635</u>	<u>95,483</u>	
Total	<u>\$ 4,014,843</u>	<u>\$ 1,590,103</u>	<u>\$ 149,448</u>	<u>\$ 7,900,553</u>

6. RETIREMENT SYSTEMS

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% for 1999 and 10.84% for 2000 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF CANAL WINCHESTER
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. CONTINGENT LIABILITIES

The Village is defendant in one lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Canal Winchester
Franklin County
36 South High Street
Canal Winchester, Ohio 43110-1213

To the Village Council:

We have audited the accompanying financial statements of the Village of Canal Winchester, Franklin County, Ohio (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 1, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 1, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 1, 2001.

Village of Canal Winchester
Franklin County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

JIM PETRO
Auditor of State

June 1, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF WINCHESTER

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
JUNE 28, 2001**