

Village of Obetz

Franklin County

Regular Audit

January 1 , 2000 Through December 31, 2001

Fiscal Years Audited Under GAGAS: 2000 & 2001

BALESTRA & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

528 South West Street, P.O. Box 687

Piketon, Ohio 45661



STATE OF OHIO
OFFICE OF THE AUDITOR

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Village Council
Village of Obetz
4175 Alum Creek Drive
Obetz, Ohio 43207

We have reviewed the Independent Auditor's Report of the Village of Obetz, Franklin County, prepared by Balestra & Company, for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

October 15, 2002

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VILLAGE OF OBETZ
FRANKLIN COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Financial Statements:	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2001	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type and Fiduciary Fund Types-For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2000	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type and Fiduciary Fund Types-For the Year Ended December 31, 2000	5
Notes to the Financial Statements	6-13
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	14-15
Schedule of Findings & Corrective Action Plan	16-17
Schedule of Prior Audit Findings and Questioned Costs	18

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INDEPENDENT AUDITOR'S REPORT

Members of Council
Village of Obetz
4175 Alum Creek Drive
Obetz, Ohio 43207

We have audited the accompanying financial statements of the Village of Obetz, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000, as listed in the table of contents. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Obetz, Franklin County, Ohio, as of December 31, 2001 and 2000, 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 August 15, 2002 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 the officials authorized to receive this report under Section 117.26 of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Balestra & Company
Balestra & Company

August 15, 2002

VILLAGE OF OBETZ
FRANKLIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2001

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash receipts					
Local taxes	\$2,313,761	\$12,931	\$480,000	\$405,000	\$3,211,692
Intergovernmental	274,936	170,684	42,039	205,500	693,159
Charges for services	11,333	0	0	0	11,333
Fines, licenses, and permits	199,015	41,967	0	0	240,982
Interest	185,854	463	3,003	4,819	194,139
Miscellaneous	51,726	2,189	0	0	53,915
Total cash receipts	3,036,625	228,234	525,042	615,319	4,405,220
Cash Disbursements					
Current					
Security of persons and property	967,991	1,886	0	0	969,877
Public health services	20,947	0	0	0	20,947
Leisure Time Activities	271,470	34,774	0	0	306,244
Community Environment	188,162	0	0	0	188,162
Transportation	239,918	59,865	0	0	299,783
General government	920,837	0	0	0	920,837
Capital Outlay	210,390	122,966	0	1,103,288	1,436,644
Debt Service	0	0	5,410,908	0	5,410,908
Total program disbursements	2,819,715	219,491	5,410,908	1,103,288	9,553,402
Total receipts over/(under) program disbursements	216,910	8,743	(4,885,866)	(487,969)	(5,148,182)
Other financing receipts/(disbursements):					
Sale of notes	0	0	4,950,000	0	4,950,000
Sale of bonds	0	0	0	5,038,257	5,038,257
Advances-In	226,000	0	0	215,000	441,000
Advances-Out	(215,000)	0	0	(215,000)	(430,000)
Total other financing receipts/(disbursements)	11,000	0	4,950,000	5,038,257	9,999,257
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	227,910	8,743	64,134	4,550,288	4,851,075
Fund cash balances, January 1, 2001(as restated - See Note 11)	1,678,510	319,119	291,631	1,010,641	3,299,901
Fund cash balances, December 31, 2001	\$1,906,420	\$327,862	\$355,765	\$5,560,929	\$8,150,976
Reserve for encumbrances, December 31, 2001	\$91,930	\$2,157	\$0	\$4,600,827	\$4,694,914

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

VILLAGE OF OBETZ
FRANKLIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUND TYPE AND FIDUCIARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Totals (Memorandum Only)
Operating Cash Receipts			
Charges for services	\$2,664,198	\$0	\$2,664,198
Total operating cash receipts	2,664,198	0	2,664,198
Operating Cash Disbursements			
Personal services	256,134	0	256,134
Employee Fringe Benefits	94,207	0	94,207
Contractual services	1,557,174	38,454	1,595,628
Supplies and materials	56,931	3,132	60,063
Capital outlay	95,214	0	95,214
Miscellaneous	15,723	4,138	19,861
Total operating cash disbursements	2,075,383	45,724	2,121,107
Operating income	588,815	(45,724)	543,091
Non-operating cash receipts			
Local Taxes	7,156	17,811	24,967
Intergovernmental Revenues	11,062	0	11,062
Fines, Licenses and Permits	0	236,150	236,150
Total non-operating cash receipts	18,218	253,961	272,179
Non-operating cash disbursements			
Miscellaneous	0	(97,303)	(97,303)
Debt service	(172,613)	0	(172,613)
Total non-operating cash disbursements	(172,613)	(97,303)	(269,916)
Excess of receipts over/(under) disbursements before advances	434,420	110,934	545,354
Advances - Out	(11,000)	0	(11,000)
Net receipts over/(under) disbursements	423,420	110,934	534,354
Fund cash balances, January 1, 2001	1,761,866	74,646	1,836,512
Fund cash balances, December 31, 2001	<u>\$2,185,286</u>	<u>\$185,580</u>	<u>\$2,370,866</u>
Reserve for encumbrances, December 31, 2001	<u>\$37,703</u>	<u>\$106,570</u>	<u>\$144,273</u>

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

VILLAGE OF OBETZ
FRANKLIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2000

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash receipts					
Local taxes	\$2,388,360	\$12,388	\$480,000	\$240,000	\$3,120,748
Intergovernmental	275,265	199,530	63,204	416,406	954,405
Charges for services	14,306	0	0	0	14,306
Fines, licenses, and permits	211,984	23,527	0	0	235,511
Interest	194,140	2,908	8,823	24,775	230,646
Miscellaneous	13,837	1,140	0	0	14,977
Total cash receipts	3,097,892	239,493	552,027	681,181	4,570,593
Cash Disbursements					
Current					
Security of persons and property	813,920	104,954	0	0	918,874
Public health services	19,882	0	0	0	19,882
Leisure time activities	229,528	7,191	0	0	236,719
Community environment	201,276	0	0	0	201,276
Transportation	245,187	48,616	0	0	293,803
General government	816,988	0	0	0	816,988
Debt Service	0	0	3,087,910	0	3,087,910
Capital outlay	386,890	56,850	0	890,576	1,334,316
Total program disbursements	2,713,671	217,611	3,087,910	890,576	6,909,768
Total receipts over/(under) program disbursements	384,221	21,882	(2,535,883)	(209,395)	(2,339,175)
Other financing receipts/(disbursements):					
Sale of Notes	0	0	2,700,000	0	2,700,000
Advances - Out	(11,000)	0	0	0	(11,000)
Total other financing receipts/(disbursements)	(11,000)	0	2,700,000	0	2,689,000
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	373,221	21,882	164,117	(209,395)	349,825
Fund cash balances, January 1, 2000 (as restated - See Note 11)	1,304,896	297,237	127,514	1,220,036	2,949,683
Fund cash balances, December 31, 2000	<u>\$1,678,117</u>	<u>\$319,119</u>	<u>\$291,631</u>	<u>\$1,010,641</u>	<u>\$3,299,508</u>
Reserve for encumbrances, December 31, 2000	<u>\$79,096</u>	<u>\$25,676</u>	<u>\$0</u>	<u>\$541,851</u>	<u>\$646,623</u>

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

VILLAGE OF OBETZ
FRANKLIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUND TYPE AND FIDUCIARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Totals (Memorandum Only)
Operating Cash Receipts			
Charges for services	\$2,220,294	\$0	\$2,220,294
Interest	26,920	0	26,920
Miscellaneous	2,462	0	2,462
Total operating cash receipts	2,249,676	0	2,249,676
Operating Cash Disbursements			
Personal services	238,908	0	238,908
Employee Fringe Benefits	78,772	0	78,772
Contractual services	1,033,863	66,884	1,100,747
Supplies and materials	51,309	313	51,622
Capital outlay	124,529	8,400	132,929
Miscellaneous	40,300	4,601	44,901
Total operating cash disbursements	1,567,681	80,198	1,647,879
Operating income	681,995	(80,198)	601,797
Non-operating cash receipts			
Local Taxes	5,910	20,299	26,209
Fines, Licenses and Permits	0	131,957	131,957
Total non-operating cash receipts	5,910	152,256	158,166
Non-operating cash disbursements			
Miscellaneous	0	(54,838)	(54,838)
Debt service	(172,614)	0	(172,614)
Total non-operating cash disbursements	(172,614)	(54,838)	(227,452)
Excess of receipts over/(under) disbursements before advances	515,291	17,220	532,511
Advances - In	11,000	0	11,000
Net receipts over/(under) disbursements	526,291	17,220	543,511
Fund cash balances, January 1, 2000 (as restated - See Note 11)	1,235,575	57,426	1,293,001
Fund cash balances, December 31, 2000	<u>\$1,761,866</u>	<u>\$74,646</u>	<u>\$1,836,512</u>
Reserve for encumbrances, December 31, 2000	<u>\$79,957</u>	<u>\$27,884</u>	<u>\$107,841</u>

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

VILLAGE OF OBETZ
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Obetz, Franklin County, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. A Village Clerk is responsible for fiscal control of the resources of the Village. The Village provides general governmental services, including water, sewer, electric utilities, park operations (leisure time activities) and police services. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

Cash and investments, comprising of an overnight sweep account, are accounted for and presented in the footnotes at cost.

Investments are reported as assets. Accordingly, purchase 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.

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:

GOVERNMENTAL FUND TYPE:

General Fund

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

Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources (other than from expendable trusts or for major capital projects) that are legally restricted to disbursements for specified 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.

VILLAGE OF OBETZ
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. FUND ACCOUNTING (continued)

GOVERNMENTAL FUND TYPE: (continued)

Debt Service Funds

The debt service fund is used to account for the accumulation of resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

General Obligation Fund - This fund receives tax money and is used to satisfy general debt obligations of the Village.

Capital Project 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 project funds:

Creekside Road and Storm Sewer Fund - This fund was used for the expenditures associated with a storm sewer line and road construction at the Creekside Industrial Park.

West Obetz Storm Sewer Fund - This fund was used for the expenditures associated with Phase I and II of a sewer improvement project.

PROPRIETARY FUND TYPE:

Enterprise Funds

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

Water Operating Fund - Receives charges for services from residents to cover the cost of providing this utility.

Sewer Operating Fund - Receives charges for services from residents to cover the cost of providing this utility.

Electric Operating Fund - Receives charges for services from residents to cover the cost of providing this utility.

FIDUCIARY FUND TYPES (Agency Funds):

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

Mayor's Court - This fund received monies for fees and fines related to traffic offenses.

Engineering Civil Review and Inspections - This fund receives monies for permits related to engineering and civil reviews on new construction for residential and commercial properties.

VILLAGE OF OBETZ
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY PROCESS

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

Appropriations

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

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 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.

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.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

VILLAGE OF OBETZ
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

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>2001</u>	<u>2000</u>
Demand Deposits	\$ (68,238)	\$ 80,043
Total Deposits	<u>(68,238)</u>	<u>80,043</u>
Repurchase Agreement	<u>10,590,080</u>	<u>5,055,977</u>
Total Investments	<u>10,590,080</u>	<u>5,055,977</u>
Total Deposits and Investments	<u>\$10,521,842</u>	<u>\$5,136,020</u>

Deposits were either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

The overnight sweep account is held in the name of the Village's financial institution and is either collateralized by a specific security pledged by the financial institution or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 was as follows:

2001 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 3,659,000	\$ 3,262,625	\$ (396,375)
Special Revenue	198,000	228,234	30,234
Debt Service	5,480,000	5,475,042	(4,958)
Capital Projects	6,088,871	5,868,576	(220,295)
Enterprise	<u>3,034,500</u>	<u>2,682,416</u>	<u>(352,084)</u>
Total	<u>\$18,460,371</u>	<u>\$17,516,893</u>	<u>\$ (943,478)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 3,843,461	\$ 3,126,645	\$ 716,816
Special Revenue	305,626	221,648	83,978
Debt Service	5,510,000	5,410,908	99,092
Capital Projects	7,385,054	5,919,115	1,465,939
Enterprise	<u>2,845,427</u>	<u>2,296,699</u>	<u>548,728</u>
Total	<u>\$19,889,568</u>	<u>\$ 16,975,015</u>	<u>\$2,914,553</u>

VILLAGE OF OBETZ
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

3. BUDGETARY ACTIVITY (continued)

2000 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 3,328,082	\$ 3,097,892	\$ (230,190)
Special Revenue	262,591	239,493	(23,098)
Debt Service	3,181,000	3,252,027	71,027
Capital Projects	1,074,723	681,181	(393,542)
Enterprise	<u>2,856,600</u>	<u>2,266,586</u>	<u>(590,014)</u>
Total	<u>\$10,702,996</u>	<u>\$ 9,537,179</u>	<u>\$(1,165,817)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 3,492,039	\$ 2,803,767	\$ 688,272
Special Revenue	359,086	243,287	115,799
Debt Service	3,260,000	3,087,910	172,090
Capital Projects	1,581,614	1,432,427	149,187
Enterprise	<u>2,266,859</u>	<u>1,820,252</u>	<u>446,607</u>
Total	<u>\$10,959,598</u>	<u>\$ 9,387,643</u>	<u>\$1,571,955</u>

The preceding budgetary presentations represent Council approved appropriations and estimated resources for fiscal years 2001 and 2000.

The Council appropriated funds in excess of available resources which was not in compliance with Ohio Revised Code Section 5705.39.

The Council did not obtain reduced amended certificates to reduce available resources below the current level of appropriation which was not in compliance with Ohio Revised Code Section 5705.36.

4. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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.

VILLAGE OF OBETZ
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$1,773,468	6.00%
Special Assessment Bonds	8,000	10.00%
General Obligation Bonds 1993	235,000	5.00%
General Obligation Bonds 2001	<u>5,000,000</u>	4.77%
Total	<u>\$ 7,016,468</u>	

The Ohio Water Development Authority (OWDA) loans relates to the construction of water and sewer lines at Creekside Industrial Park. The OWDA has approved up to \$2,049,359 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$90,209, including interest, over 20 years. The scheduled payment amount below assumes that \$2,049,359 will be borrowed. The schedule payment will be adjusted to reflect any revisions in amounts actually borrowed. The repayment of these notes will be funded by water and sewer user charges.

In 1993, the Village issued General Obligation Bonds totaling \$975,000 which relates to the improvement of the sewer system, streets, and to acquire real property for parks and recreation. The bonds will be repaid over 10 years, including interest. The bonds are secured by the full faith and credit of the Village General Fund.

In 2001, the Village issued General Obligation Bonds totaling \$5,000,000 which relates to paying costs of constructing, equipping and furnishing two municipal buildings to house offices and functions of the Village. The bonds will be repaid over 20 years, including interest. The bonds are secured by the full faith and credit of the Village General Fund.

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

Year ending <u>December 31</u>	OWDA <u>Loans</u>	1993 General Obligation <u>Bonds</u>	Special Assessment <u>Bonds</u>	2001 General Obligation <u>Bonds</u>
2002	\$ 180,417	\$ 126,632	\$ 4,800	\$ 387,575
2003	180,417	125,940	4,400	386,160
2004	180,417			387,530
2005	180,417			388,195
2006	180,417			388,208
Subsequent	<u>1,895,013</u>			<u>6,193,698</u>
Total	<u>\$ 2,797,098</u>	<u>\$252,572</u>	<u>\$ 9,200</u>	<u>\$8,131,366</u>

The Village has short-term debt in the form of notes payable to Huntington Bank.

At December 31, 2001, the Village had two short-term Bond Anticipation Notes outstanding totaling \$2,550,000. On June 15, 2001, a \$150,000 note was issued at a 3.25% interest rate. The proceed was issued for the purpose of paying costs of acquiring real property needed for improving and widening a portion of Alum Creek Drive and improving Obetz Memorial Park for recreational purposes, including site preparation and landscaping. Also, on June 15, 2001 a \$2,400,000 note was issued at a 2.27% interest rate. The proceed was issued for the purpose of paying costs of constructing, widening, curbing, paving, and otherwise improving Toy Road, Alum Creek Drive, Rohr Road and other streets within the Village. The Village has the authority to issue bonded debt to retire these issuances.

VILLAGE OF OBETZ
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

6. RETIREMENT SYSTEM

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.31% of participants' gross salaries. The Village has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Boiler

The Village also provides health insurance through Central Ohio Health Care Consortium. Dental and vision coverage are provided to full-time employees through a private carrier. Premium payments are made contractually to the provider by the Village for this coverage.

8. CONDUIT DEBT OBLIGATIONS

The Village of Obetz has issued Industrial Revenue Bonds to provide financial assistance to Dennis Enterprises Limited Partnership and HFI Incorporated, (the borrower) for the acquisition, renovation, constructing, equipping and installing the borrower's manufacturing facility which is deemed to be in the public interest. The bonds are payable solely from payments of the borrower's. The Village is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2001, the Industrial Revenue Bonds outstanding were an aggregate principal amount of \$1.255 million.

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

The Village is involved in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Village's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Village.

VILLAGE OF OBETZ
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(continued)

10. SUBSEQUENT EVENT

On January 7, 2002, Council passed an ordinance providing for the issuance and sale of \$430,000 notes, in anticipation of the issuance of bonds for the purpose of paying the costs of improving Alum Creek Drive between interstate route 270 and Williams Road by constructing water, sanitary and storm sewers and sidewalks together with all necessary appurtenances.

11. RESTATEMENT IN FUND BALANCES

Due to accounting adjustments, the beginning fund balances were restated as follows:

	<u>General Fund</u>
Balance as of December 31, 1999	\$ 1,314,604
Accounting Adjustments	<u>(9,708)</u>
Restated Balance at January 1, 2000	<u>\$ 1,304,896</u>
	<u>Enterprise Fund</u>
Balance as of December 31, 1999	\$ 1,196,000
Accounting Adjustments	<u>39,575</u>
Restated Balance at January 1, 2000	<u>\$ 1,235,575</u>
	<u>Agency Funds</u>
Balance as of December 31, 1999	\$ 47,718
Accounting Adjustments	<u>9,708</u>
Restated Balance at January 1, 2000	<u>\$ 57,426</u>
	<u>General Fund</u>
Balance as of December 31, 2000	\$ 1,678,117
Accounting Adjustments	<u>393</u>
Restated Balance at January 1, 2001	<u>\$ 1,678,510</u>

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Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Members of Council
Village of Obetz
4175 Alum Creek Drive
Obetz, Ohio 43207

We have audited the accompanying financial statements of the Village of Obetz, Franklin County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 15, 2002. 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 *Governmental 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 an instance of noncompliance that is required to be reported under *Governmental Auditing Standards*. The reportable citation is described in the accompanying schedule of findings as item 2001-01. We also noted certain immaterial instances of noncompliance which we have reported to the management of the Village of Obetz in a separate letter dated August 15, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2001-02.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we considered the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to the management of the Village in a separate letter dated August 15, 2002.

Village of Obetz
Franklin County
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

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

Balestra & Company
Balestra & Company

August 15, 2002

**VILLAGE OF OBETZ
FRANKLIN COUNTY
DECEMBER 31, 2001 & 2000**

SCHEDULE OF FINDINGS

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2001-001
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Appropriations Exceeding Estimated Resources

Ohio Revised Code Section 5705.39 states that appropriations may not exceed estimated resources in any fund.

For the year ended December 31, 2001, appropriations exceeded estimated resources in the West Obetz Storm Sewer Fund in the material amount of \$59,764.

We recommend the Village review budgetary information on a regular basis to ensure appropriations have not exceeded estimated resources.

CORRECTIVE ACTION PLAN

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-001	The Village Clerk will monitor appropriations to ensure that estimated resources will not be exceeded.	12/31/2002	Donna Hubner, Village Clerk

**VILLAGE OF OBETZ
FRANKLIN COUNTY
DECEMBER 31, 2001 & 2000**

SCHEDULE OF FINDINGS

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2001-002
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Monthly Reconciliations

The Mayor's Court does not prepare a monthly reconciliation between its bank statements, the cashbook and the open items. Discrepancies were noted between the three documents during test work. Part of the discrepancy was determined to be BMV funds collected on behalf of the Village but unpaid at December 31, 2001. The Court should prepare a monthly reconciliation and remit all funds to the proper governments.

CORRECTIVE ACTION PLAN

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-002	The Mayor's Clerk will prepare monthly reconciliations between the source documents and transmit collections to the proper governments timely.	12/31/2002	Annie Warner, Clerk of Court

**VILLAGE OF OBETZ
FRANKLIN COUNTY
DECEMBER 31, 2001 & 2000**

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Finding Number	Finding Summary	Fully Corrected	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Findings No Longer Valid; <i>Explain:</i>
1999-30625-001	ORC, Section 5705.41(B)	Yes	
1999-30625-002	ORC, Section 5705.39	No	Not corrected. See current year finding 2001-001. Original finding issued in 1999.
1999-30625-003	ORC, Sections 5705.14, 5705.15 and 5705.16	Yes	
1999-30625-004	Delinquent Ticket Monitoring	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF OBETZ

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 7, 2002**