

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

*Financial Statements*  
(Audited)

For The Years Ended  
December 31, 2002 and 2001

**KEN SALAK, FINANCE DIRECTOR**





**Auditor of State  
Betty Montgomery**

Mayor and Members of Council  
Village of Canal Winchester

We have reviewed the Independent Auditor's Report of the Village of Canal Winchester, Franklin County, prepared by Trimble, Julian & Grube, Inc. for the audit period January 1, 2001 through December 31, 2002. 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 Canal Winchester is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

August 1, 2003

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**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

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# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## Independent Auditor's Report

Members of Council and Mayor  
Village of Canal Winchester  
36 S. High Street  
Canal Winchester, Ohio 43110

We have audited the accompanying financial statements of the Village of Canal Winchester, Franklin County, Ohio, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village of Canal Winchester'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 2, the Village of Canal Winchester prepares its financial statements on the basis of accounting prescribed or permitted by 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 cash balances and cash fund balances of the Village of Canal Winchester, Franklin County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2003, on our consideration of the Village of Canal Winchester'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, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
April 25, 2003

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES -  
ALL FUND TYPES  
DECEMBER 31, 2002 AND 2001

<u>Cash and Cash Equivalents</u>	<u>2002</u>	<u>2001</u>
Cash and Cash Equivalents	\$ 1,766,435	\$ 1,535,733
Total Cash and Cash Equivalents	<u>1,766,435</u>	<u>1,535,733</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 479,167	\$ 547,717
Special Revenue Funds	118,377	102,214
Capital Projects Funds	<u>-</u>	<u>22,997</u>
Total Governmental Fund Types	<u>597,544</u>	<u>672,928</u>
 <u>Proprietary Fund Type:</u>		
Enterprise Funds	<u>1,168,506</u>	<u>862,420</u>
 <u>Fiduciary Fund Type:</u>		
Agency Fund	<u>385</u>	<u>385</u>
Total Cash Fund Balances	<u>\$ 1,766,435</u>	<u>\$ 1,535,733</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH FUND BALANCES -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and other local taxes	\$ 2,772,501	\$ 31,910	\$ -	\$ -	\$ 2,804,411
Intergovernmental	332,723	255,651	-	626,832	1,215,206
Special assessments	-	-	81,030	-	81,030
Charges for services	340,439	3,965	-	-	344,404
Fines, licenses, and permits	329,237	6,155	-	-	335,392
Interest	34,676	-	-	-	34,676
Donations	27,831	-	-	-	27,831
Commissions	257,497	-	-	-	257,497
Miscellaneous	28,060	-	-	-	28,060
Total cash receipts	<u>4,122,964</u>	<u>297,681</u>	<u>81,030</u>	<u>626,832</u>	<u>5,128,507</u>
Cash disbursements:					
Current:					
Security of persons and property	658,968	-	-	-	658,968
Public health services	2,457	-	-	-	2,457
Leisure time activities	132,219	131,110	-	-	263,329
Community environment	466,223	-	-	-	466,223
Transportation	233,952	360,592	-	-	594,544
General government	1,473,766	251	-	-	1,474,017
Capital outlay	473,351	45,802	-	878,579	1,397,732
Debt service:					
Principal retirement	-	-	4,656,626	215,000	4,871,626
Interest charges	-	-	362,909	176,921	539,830
Total cash disbursements	<u>3,440,936</u>	<u>537,755</u>	<u>5,019,535</u>	<u>1,270,500</u>	<u>10,268,726</u>
Total cash receipts over/(under) cash disbursements	<u>682,028</u>	<u>(240,074)</u>	<u>(4,938,505)</u>	<u>(643,668)</u>	<u>(5,140,219)</u>
Other financing receipts/(disbursements):					
Proceeds from sale of assets	1,644	-	-	-	1,644
Proceeds from notes	-	-	4,401,846	198,154	4,600,000
Operating transfers in	-	256,237	536,659	422,517	1,215,413
Operating transfers out	(747,222)	-	-	-	(747,222)
Other disbursements	(5,000)	-	-	-	(5,000)
Total other financing receipts/(disbursements)	<u>(750,578)</u>	<u>256,237</u>	<u>4,938,505</u>	<u>620,671</u>	<u>5,064,835</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(68,550)	16,163	-	(22,997)	(75,384)
Cash fund balances, January 1, 2002	<u>547,717</u>	<u>102,214</u>	<u>-</u>	<u>22,997</u>	<u>672,928</u>
Cash fund balances, December 31, 2002	<u>\$ 479,167</u>	<u>\$ 118,377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,544</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Agency	(Memorandum Only)
Operating cash receipts:			
Charges for services	\$ 2,613,409	\$ -	\$ 2,613,409
Total operating cash receipts	2,613,409	-	2,613,409
Operating cash disbursements:			
Personal services	523,166	-	523,166
Employee fringe benefits	17,406	-	17,406
Contractual services	697,878	-	697,878
Supplies and material	198,382	-	198,382
Capital outlay	73,994	-	73,994
Total operating cash disbursements	1,510,826	-	1,510,826
Operating income	1,102,583	-	1,102,583
Nonoperating cash receipts/(disbursements):			
Debt service:			
Principal	(150,116)	-	(150,116)
Interest	(178,190)	-	(178,190)
Fines collected	-	130,039	130,039
Fines disbursed	-	(130,039)	(130,039)
Total nonoperating cash receipts/(disbursements)	(328,306)	-	(328,306)
Income before operating transfers	774,277	-	774,277
Transfers in	328,286	-	328,286
Transfers out	(796,477)	-	(796,477)
Net income	306,086	-	306,086
Cash fund balances, January 1, 2002	862,420	385	862,805
Cash fund balances, December 31, 2002	\$ 1,168,506	\$ 385	\$ 1,168,891

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2002 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2002 Appropriations	Total	Actual 2002 Disbursements	Encumbrances Outstanding at 12/31/02	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 547,717	\$ 4,666,743	\$ 5,214,460	\$ 4,124,608	\$ (542,135)	\$ -	\$ 4,647,029	\$ 4,647,029	\$ 4,193,158	\$ -	\$ 4,193,158	\$ 453,871
Special Revenue	102,214	2,375,351	2,477,565	553,918	(1,821,433)	-	2,483,465	2,483,465	537,755	-	537,755	1,945,710
Debt Service	-	3,075,077	3,075,077	5,019,535	1,944,458	-	5,275,674	5,275,674	5,019,535	-	5,019,535	256,139
Capital Projects	22,997	2,627,003	2,650,000	1,247,503	(1,379,500)	-	2,650,000	2,650,000	1,270,500	-	1,270,500	1,379,500
Proprietary:												
Enterprise	862,420	2,066,818	2,929,238	2,941,695	874,877	-	2,787,137	2,787,137	2,635,609	-	2,635,609	151,528
Total (Memorandum Only)	\$ 1,535,348	\$ 14,810,992	\$ 16,346,340	\$ 13,887,259	\$ (923,733)	\$ -	\$ 17,843,305	\$ 17,843,305	\$ 13,656,557	\$ -	\$ 13,656,557	\$ 4,186,748

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

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

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and other local taxes	\$ 2,571,167	\$ 32,869	\$ -	\$ -	\$ 2,604,036
Intergovernmental	288,189	252,034	-	309,697	849,920
Special assessments	-	-	43,703	-	43,703
Charges for services	210,949	6,004	-	-	216,953
Fines, licenses, and permits	315,248	3,455	-	-	318,703
Interest	84,754	-	-	-	84,754
Refunds	45,881	-	-	-	45,881
Donations	30,000	-	-	-	30,000
Commissions	206,185	-	-	-	206,185
Miscellaneous	17,284	-	-	26	17,310
Total cash receipts	<u>3,769,657</u>	<u>294,362</u>	<u>43,703</u>	<u>309,723</u>	<u>4,417,445</u>
Cash disbursements:					
Current:					
Security of persons and property	702,186	-	-	-	702,186
Public health services	1,000	-	-	-	1,000
Leisure time activities	120,751	125,248	-	-	245,999
Community environment	459,119	-	-	-	459,119
Transportation	125,716	316,943	-	-	442,659
General government	1,257,440	-	-	-	1,257,440
Capital outlay	259,067	71,472	-	1,126,947	1,457,486
Debt service:					
Principal retirement	-	-	1,802,341	205,000	2,007,341
Interest charges	-	-	241,376	394,510	635,886
Total cash disbursements	<u>2,925,279</u>	<u>513,663</u>	<u>2,043,717</u>	<u>1,726,457</u>	<u>7,209,116</u>
Total cash receipts over/(under) cash disbursements	<u>844,378</u>	<u>(219,301)</u>	<u>(2,000,014)</u>	<u>(1,416,734)</u>	<u>(2,791,671)</u>
Other financing receipts/(disbursements):					
Proceeds from sale of notes	-	-	1,350,000	990,000	2,340,000
Proceeds from sale of assets	7,872	-	-	-	7,872
Operating transfers in	-	236,000	650,014	449,704	1,335,718
Operating transfers out	(880,618)	-	-	-	(880,618)
Other disbursements	(2,000)	-	-	-	(2,000)
Total other financing receipts/(disbursements)	<u>(874,746)</u>	<u>236,000</u>	<u>2,000,014</u>	<u>1,439,704</u>	<u>2,800,972</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(30,368)	16,699	-	22,970	9,301
Cash fund balances, January 1, 2001	<u>578,085</u>	<u>85,515</u>	<u>-</u>	<u>27</u>	<u>663,627</u>
Cash fund balances, December 31, 2001	<u>\$ 547,717</u>	<u>\$ 102,214</u>	<u>\$ -</u>	<u>\$ 22,997</u>	<u>\$ 672,928</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating cash receipts:			
Charges for services	\$ 2,262,672	\$ -	\$ 2,262,672
Total operating cash receipts	<u>2,262,672</u>	<u>-</u>	<u>2,262,672</u>
Operating cash disbursements:			
Personal services	459,051	-	459,051
Employee fringe benefits	15,703	-	15,703
Contractual services	1,011,344	-	1,011,344
Supplies and material	144,106	-	144,106
Capital outlay	13,508	-	13,508
Total operating cash disbursements	<u>1,643,712</u>	<u>-</u>	<u>1,643,712</u>
Operating income	<u>618,960</u>	<u>-</u>	<u>618,960</u>
Nonoperating cash receipts/(disbursements):			
Other financing receipts	32,950	-	32,950
Debt service:			
Principal	(205,201)	-	(205,201)
Interest	(285,639)	-	(285,639)
Fines collected	-	73,384	73,384
Fines disbursed	-	(78,789)	(78,789)
Total nonoperating cash receipts/(disbursements)	<u>(457,890)</u>	<u>(5,405)</u>	<u>(463,295)</u>
Income/(loss) before operating transfers	<u>161,070</u>	<u>(5,405)</u>	<u>155,665</u>
Transfers in	457,910	-	457,910
Transfers out	<u>(913,010)</u>	<u>-</u>	<u>(913,010)</u>
Net loss	(294,030)	(5,405)	(299,435)
Cash fund balances, January 1, 2001	<u>1,156,450</u>	<u>5,790</u>	<u>1,162,240</u>
Cash fund balances, December 31, 2001	<u>\$ 862,420</u>	<u>\$ 385</u>	<u>\$ 862,805</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2001

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2001 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2001 Appropriations	Total	Actual 2001 Disbursements	Encumbrances Outstanding at 12/31/01	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 578,085	\$ 3,956,193	\$ 4,534,278	\$ 3,777,529	\$ (178,664)	\$ -	\$ 4,237,205	\$ 4,237,205	\$ 3,807,897	\$ -	\$ 3,807,897	\$ 429,308
Special Revenue	85,515	1,004,000	1,089,515	530,362	(473,638)	-	1,032,457	1,032,457	513,663	-	513,663	518,794
Debt Service	-	1,693,319	1,693,319	2,043,717	350,398	-	2,098,064	2,098,064	2,043,717	-	2,043,717	54,347
Capital Projects	27	3,200,000	3,200,027	1,749,427	(1,450,573)	-	3,850,000	3,850,000	1,726,457	-	1,726,457	2,123,543
Proprietary:												
Enterprise	1,156,450	2,044,238	3,200,688	2,753,532	709,294	-	3,071,886	3,071,886	3,047,562	-	3,047,562	24,324
Total (Memorandum Only)	\$ 1,820,077	\$ 11,897,750	\$ 13,717,827	\$ 10,854,567	\$ (1,043,183)	\$ -	\$ 14,289,612	\$ 14,289,612	\$ 11,139,296	\$ -	\$ 11,139,296	\$ 3,150,316

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Village of Canal Winchester (the "Village") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: police protection, water and sewer utility services, park operations, street maintenance and repair, as well as general governmental services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

The Canal Winchester Industry and Commerce Corporation (the "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 2002 or 2001 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.

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

The most significant of the Village's accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally 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.

Debt Service Funds

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

*General Obligation Fund* - This fund is used to repay general obligation bonds and any short term note obligations from proceeds derived from special assessments and note proceeds.

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:

*Waster Water Treatment Plant Fund* - This fund is used to account for the acquisition and construction of the waste water treatment plant, funded by notes and grant receipts.

*Issue II Fund* - This fund is used for approved construction projects, funded by grant receipts.

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

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.

Fiduciary Funds (Agency Fund)

*Mayor's Court* - This fund receives monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds are collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs, computerization and general Village operations.

**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.



**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

**C. 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 estimate resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, except agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's 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 expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected 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 Village 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 Village 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.

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted appropriation amendments during 2002 and 2001.

*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 portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had no outstanding encumbrances at December 31, 2002 and 2001.

**D. CASH AND CASH EQUIVALENTS**

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$34,676 and \$84,754 for the years ended December 31, 2002 and 2001, respectively.

**E. PROPERTY, PLANT AND EQUIPMENT**

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are recorded as expenditures in the fund in the year expended. The costs of normal maintenance and repairs, along with improvements, are also expended. Depreciation is not recorded by the Village.

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

F. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation upon employment separation and 25% of unused sick leave upon retirement. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers.

H. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 3 - COMPLIANCE**

A. The following funds had appropriations in excess of estimated resources for the years ended December 31, 2002 and 2001, contrary to Ohio Revised Code Section 5705.39:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<b><u>2002:</u></b>			
<b><u>Special Revenue Fund Type:</u></b>			
Community Center	\$ 112,100	\$ 116,500	\$ 4,400
Bed Tax	30,000	31,500	1,500
<b><u>Debt Service Fund Type:</u></b>			
General Obligation Bonds	2,887,280	5,062,922	2,175,642
Other Village Debt	48,831	73,786	24,955
<b><u>Enterprise Fund Type:</u></b>			
Water	805,000	838,150	33,150
<b><u>2001:</u></b>			
<b><u>Special Revenue Fund Type:</u></b>			
Street Maintenance and Repair	395,522	419,612	24,090
<b><u>Debt Service Fund Type:</u></b>			
General Obligation Bonds	1,504,325	1,844,325	340,000
Other Village Debt	50,030	114,775	64,745
<b><u>Capital Projects Fund Type:</u></b>			
Waste Water Treatment Plant	3,200,000	3,850,000	650,000
<b><u>Enterprise Fund Type:</u></b>			
Water Connection	689,517	697,097	7,580
Sewer Connection	650,014	870,000	219,986

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

B. The following funds had expenditures in excess of appropriations for the years ended December 31, 2002 and 2001, contrary to Ohio Revised Code Section 5705.41(B):

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<b><u>2002:</u></b>			
<b><u>General Fund:</u></b>			
State Audit Fee	\$ -	\$ 28,089	\$ 28,089
<b><u>2001:</u></b>			
<b><u>Debt Service Fund:</u></b>			
<b>General Obligation:</b>			
Principal	1,630,000	1,690,000	60,000
Interest	214,325	239,063	24,738
<b>General Obligation - OWDA:</b>			
Principal	65,741	89,788	24,047
<b><u>Enterprise Fund:</u></b>			
<b>Water Fund</b>			
Transfers	200,038	300,057	100,019
<b>Sewer Fund</b>			
Transfers	138,963	163,230	24,267
<b>Water Treatment Capital Improvement</b>			
Capital Outlay	200,038	300,057	100,019

**NOTE 4 - 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>2002</u>	<u>2001</u>
Deposits: Demand Deposits	\$ 525,973	\$ (11,774)
Investments in STAR Ohio	<u>1,240,462</u>	<u>1,547,507</u>
Total cash and cash equivalents	<u>\$ 1,766,435</u>	<u>\$ 1,535,733</u>

The negative carrying amount of demand deposits is not due to an actual overdraft, it is due to the “zero balance” nature of the Village’s bank accounts.

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

*Deposits:* Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution’s public entity deposit pool.

*Investments:* Investments in STAR Ohio are not endorsed by securities that exist in physical or book-entry form. Investments in STAR Ohio are valued at amounts reported by the State Treasurer.

**NOTE 5 - DEBT OBLIGATIONS**

At December 31, 2002 and 2001, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2002</u>	<u>Balance at 12/31/2001</u>
2002/2001 Bond Anticipation Note for rebuilding, surfacing, and paving Walnut Street and storm sewer improvements, due in full, bearing interest of 6.50% in	\$ 500,000	\$ 550,000
2002/2001 Bond Anticipation Note for acquiring for public purposes real estate, due in full bearing interest of 6.00% in May 2003 and 2002, respectively.	750,000	800,000
2002/2001 Bond Anticipation Note for acquiring and constructing a water storage tank due in full, bearing interest of 6.00% in May 2003 and 2002, respectively.	1,300,000	990,000
1999 Various Purpose Bonds, due in annual installments of varying amounts, bearing interest at varying amounts through 2019.	3,605,000	3,740,000
1999 Sewer System Adjustable Rate First Mortgage Revenue Bonds for acquiring, constructing and operating improvements to the sanitary sewer collection and treatment system, due in annual installments of varying amounts,	6,168,000	6,383,000
1994 Water and Sewer System Improvement Bonds for various utility improvements, due in annual principal installments and semi-annual interest rates of varying installments, bearing interest at varying amounts through 2014.	275,000	290,000

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

<u>Description</u>	<u>Balance at 12/31/2002</u>	<u>Balance at 12/31/2001</u>
1994 Ohio Water Development Authority (OWDA) loan for Elevated Water Storage tank construction, due in semi-annual installments of \$26,983 bearing interest at 6.02% through 2014.	\$ 425,190	\$ 451,949
1993 General Obligation bonds for the Ohio Water and Sewer System Improvement Bond Series 1993, due in annual installments of varying installments, bearing interest at varying amounts through 2013.	670,000	715,000
1992 OPWC loan for Hocking Street Waterline, due in semi-annual installments of \$4,460, bearing no interest through 2012.	40,139	46,829
1989 OWDA loan for Waterline construction, due in semi-annual insallments of \$100,019 bearing interest at 8.26% through 2014.	1,410,223	1,487,401
1989 OWDA loan for Sewer line construction, due in semi-annual installments of \$36,611 bearing interest at 7.36% through 2008.	321,268	367,447
1996 OPWC loan for Columbus Washington water line, due in semi-annual installments of \$3,166, bearing interest at 3% through 2016.	67,757	74,018
2001 Ohio Public Works Commision (OPWC) loan for Washington Street Rehabilitation, due in semi-annual installments of \$19,559, bearing 0% interest, through 2020.	<u>684,544</u>	<u>743,219</u>
Total debt obligations	<u>\$ 16,217,121</u>	<u>\$ 16,638,863</u>

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

Transactions for the year ended December 31, 2002, are summarized as follows:

	<u>Fund Type</u>	<u>Balance 12/31/2001</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance 12/31/2002</u>
2002 Street					
Improvement BANS	Debt	\$ 550,000	\$ 500,000	\$ (550,000)	\$ 500,000
2002 Various Purpose BANS	Debt	800,000	750,000	(800,000)	750,000
2001 Water Tank BANS	Debt	990,000	-	(990,000)	-
2002 Water Tank BANS	Debt	-	1,300,000	-	1,300,000
1999 Various Purpose Bonds	Debt	3,740,000	-	(135,000)	3,605,000
Sewer System Rev.	Capital Projects	6,383,000	-	(215,000)	6,168,000
GO Bonds 1994	Debt	290,000	-	(15,000)	275,000
OWDA - #3081	Enterprise	451,949	-	(26,759)	425,190
GO Bonds 1993	Debt	715,000	-	(45,000)	670,000
OPWC CT212	Debt	46,829	-	(6,690)	40,139
OWDA - # 1502	Enterprise	1,487,401	-	(77,178)	1,410,223
OWDA - #1501	Enterprise	367,447	-	(46,179)	321,268
OPWC CT808	Debt	74,018	-	(6,261)	67,757
OPWC #CC05B	Debt	743,219	-	(58,675)	684,544
2002 Special Assessment BANS	Debt	-	<u>2,050,000</u>	<u>(2,050,000)</u>	-
Total		<u>\$ 16,638,863</u>	<u>\$ 4,600,000</u>	<u>\$ (5,021,742)</u>	<u>\$ 16,217,121</u>

The proceeds from the 2002 Special Assessment BANS were split \$198,154 to the Waste Water Treatment Plant Capital Projects Fund to be used to pay contractors for work performed and \$1,851,846 in the General Obligation Debt Service Fund to be used to retire Village debt obligation.



**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

Transactions for the year ended December 31, 2001, are summarized as follows:

		Balance			Balance
	<u>Fund Type</u>	<u>12/31/2000</u>	<u>Proceeds</u>	<u>Payments</u>	<u>12/31/2001</u>
2000 Street					
Improvement BANS	Debt	\$ 600,000	\$ 550,000	\$ (600,000)	\$ 550,000
2002 Various Purpose BANS	Debt	900,000	800,000	(900,000)	800,000
2001 Water Tank BANS	Capital Projects	-	990,000	-	990,000
1999 Various Purpose Bonds	Debt	3,870,000	-	(130,000)	3,740,000
Sewer System Rev.	Capital Projects	6,588,000	-	(205,000)	6,383,000
GO Bonds 1994	Debt	305,000	-	(15,000)	290,000
OWDA - #3081	Enterprise	489,092	-	(37,143)	451,949
GO Bonds 1993	Debt	760,000	-	(45,000)	715,000
OPWC CT212	Debt	51,288	-	(4,459)	46,829
OWDA - #1502	Enterprise	1,591,616	-	(104,215)	1,487,401
OWDA - #1501	Enterprise	431,290	-	(63,843)	367,447
OPWC CC808 (restated)	Debt	78,039	-	(4,021)	74,018
OPWC #CC05B (restated)	Debt	782,335	-	(39,116)	743,219
Y2k loan (restated)	Debt	<u>64,745</u>	<u>-</u>	<u>(64,745)</u>	<u>-</u>
 Total		 <u>\$ 16,511,405</u>	 <u>\$ 2,340,000</u>	 <u>\$ (2,212,542)</u>	 <u>\$ 16,638,863</u>

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2002, are as follows:

Year Ending <u>December 31,</u>	2002/2001 <u>BAN</u>		2002/2001 <u>BAN</u>		2002/2001 <u>BAN</u>		1999 Various <u>Purpose Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 500,000	\$ 32,500	\$750,000	\$ 45,000	\$ 1,300,000	\$ 78,000	\$ 145,000	\$ 184,473
2004	-	-	-	-	-	-	150,000	178,745
2005	-	-	-	-	-	-	155,000	172,670
2006	-	-	-	-	-	-	160,000	166,160
2007	-	-	-	-	-	-	170,000	159,280
2008 - 2012	-	-	-	-	-	-	965,000	668,703
2013 - 2017	-	-	-	-	-	-	1,255,000	381,150
2018 - 2020	-	-	-	-	-	-	605,000	50,325
Totals	<u>\$ 500,000</u>	<u>\$ 32,500</u>	<u>\$750,000</u>	<u>\$ 45,000</u>	<u>\$ 1,300,000</u>	<u>\$ 78,000</u>	<u>\$ 3,605,000</u>	<u>\$1,961,506</u>

Year Ending <u>December 31,</u>	1999 Sewer System <u>Adjustable Rate First Mortgage</u>		1994 Water & Sewer <u>Improvement</u>		1994 OWDA Elevated <u>Water Storage</u>		1993 G.O. Bonds <u></u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 230,000	\$ 308,400	\$ 15,000	\$ 19,200	\$ 14,185	\$ 12,798	\$ 50,000	\$ 39,120
2004	5,938,000	296,900	15,000	18,255	29,224	24,743	50,000	36,445
2005	-	-	15,000	17,295	30,983	22,983	55,000	33,695
2006	-	-	20,000	16,245	32,848	21,118	55,000	30,615
2007	-	-	20,000	14,845	34,826	19,141	60,000	27,480
2008 - 2012	-	-	125,000	51,050	208,217	61,614	325,000	82,800
2013 - 2017	-	-	65,000	7,100	74,907	6,041	75,000	4,500
2018 - 2020	-	-	-	-	-	-	-	-
Totals	<u>\$ 6,168,000</u>	<u>\$ 605,300</u>	<u>\$275,000</u>	<u>\$ 143,990</u>	<u>\$ 425,190</u>	<u>\$168,438</u>	<u>\$ 670,000</u>	<u>\$ 254,655</u>

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

Year Ending December 31,	1992 OPWC		1989 OWDA Waterline		1989 OWDA Sewer	
	Hocking Water		Principal	Interest	Principal	Interest
	Principal	Interest				
2003	\$ 2,230	\$ -	\$ 41,777	\$ 58,242	\$ 23,909	\$ 12,703
2004	4,460	-	87,004	113,034	51,337	21,886
2005	4,460	-	94,190	105,847	55,116	18,107
2006	4,460	-	101,971	98,067	59,172	14,051
2007	4,460	-	110,394	89,644	63,527	9,696
2008 - 2012	20,069	-	704,774	295,416	68,207	5,015
2013 - 2017	-	-	270,113	29,942	-	-
2018 - 2020	-	-	-	-	-	-
Totals	<u>\$ 40,139</u>	<u>\$ -</u>	<u>\$ 1,410,223</u>	<u>\$ 790,192</u>	<u>\$ 321,268</u>	<u>\$ 81,458</u>

Year Ending December 31,	1996 OPWC		2001 OPWC		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 2,150	\$ 1,016	\$ 19,559	\$ -	\$ 3,093,810	\$ 791,452
2004	4,397	1,935	39,117	-	6,368,539	691,943
2005	4,530	1,802	39,117	-	453,396	372,399
2006	4,667	1,665	39,117	-	477,235	347,921
2007	4,808	1,524	39,117	-	507,132	321,610
2008 - 2012	26,311	5,350	195,585	-	2,638,163	1,169,948
2013 - 2017	20,894	1,268	195,585	-	1,956,499	430,001
2018 - 2020	-	-	117,347	-	722,347	50,325
Totals	<u>\$ 67,757</u>	<u>\$ 14,560</u>	<u>\$ 684,544</u>	<u>\$ -</u>	<u>\$ 16,217,121</u>	<u>\$ 4,175,599</u>

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

**NOTE 6 - PROPERTY TAX**

Real property taxes become a lien on January 1 preceeding the October 1 date for which rates are adopted by the County. 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. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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.

**NOTE 7 - LOCAL INCOME TAX**

This locally levied tax of 2.0% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. The Village gives a 100% credit to the tax paid to another municipality to the maximum of the total amount assessed. It also applies to the net income of business organizations located within the Village. Tax receipts are accounted for in an expendable trust and transferred based on Council ordinance allocation to various funds for operations. The Village collected \$2,505,763 in 2002 and \$2,341,690 in 2001 in income tax receipts.

**NOTE 8 - RETIREMENT SYSTEM**

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

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

**NOTE 8 - RETIREMENT SYSTEM – (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. As of December 31, 2002, the Village has outstanding contributions required for 2002 in the amount of \$38,195. All amounts due for 2001 were paid as of December 31, 2002.

**NOTE 9 - RISK MANAGEMENT**

The Village is founding member of the Central Ohio Health Care Consortium, a risk-sharing pool, which provides employee health care benefits for all full-time employees who wish to participate in the plan. The pool consists of twelve political subdivisions that pool risk for basic hospital, surgical and prescription drug coverage. The Village pays monthly contributions to the Consortium, which is used to cover claims and administrative costs, and to purchase excess loss insurance for the plan. The Consortium has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier.

**NOTE 10 - CONTINGENT LIABILITY**

LITIGATION

The Village is not currently involved in litigation that the Village's legal counsel anticipates a loss.

# TRIMBLE, JULIAN & GRUBE, INC.

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"SERVING OHIO LOCAL GOVERNMENTS"

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## **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 and Mayor  
Village of Canal Winchester, Franklin County  
36 S. High Street  
Canal Winchester, Ohio 43110

We have audited the financial statements of the Village of Canal Winchester, Franklin County, Ohio, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 25, 2003. 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.

### Compliance

As part of obtaining reasonable assurance about whether the Village of Canal Winchester'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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2002-VOCW-001 and 2002-VOCW-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Canal Winchester in a separate letter dated April 25, 2003.

Members of Council and Mayor  
Village of Canal Winchester

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Canal Winchester'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 we have reported to the management of the Village of Canal Winchester in a separate letter dated April 25, 2003.

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

Trimble, Julian & Grube, Inc.  
April 25, 2003

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	VOCW-2002-001

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated resources.

It was noted during the audit that the total appropriations exceeded the total estimated resources as follows:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<b><u>2002:</u></b>			
<u>Special Revenue Fund Type:</u>			
Community Center	\$ 112,100	\$ 116,500	\$ 4,400
Bed Tax	30,000	31,500	1,500
<u>Debt Service Fund Type:</u>			
General Obligation Bonds	2,887,280	5,062,922	2,175,642
Other Village Debt	48,831	73,786	24,955
<u>Enterprise Fund Type:</u>			
Water	805,000	838,150	33,150
<b><u>2001:</u></b>			
<u>Special Revenue Fund Type:</u>			
Street Maintenance and Repair	395,522	419,612	24,090
<u>Debt Service Fund Type:</u>			
General Obligation Bonds	1,504,325	1,844,325	340,000
Other Village Debt	50,030	114,775	64,745
<u>Capital Projects Fund Type:</u>			
Waste Water Treatment Plant	3,200,000	3,850,000	650,000
<u>Enterprise Fund Type:</u>			
Water Connection	689,517	697,097	7,580
Sewer Connection	650,014	870,000	219,986

With appropriations exceeding estimated resources, the Village is spending monies not appropriated for those purposes and thus could cause a fund deficit.



**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	VOCW-2002-001 - (Continued)

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring appropriations throughout the fiscal year and amending the appropriations and the estimated resources as necessary.

Finding Number	2002-VOCW-002
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Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

It was noted during the audit that the Village had expenditures in excess of appropriations as follows:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<b><u>2002:</u></b>			
<u>General Fund:</u>			
State Audit Fee	\$ -	\$ 28,089	\$ 28,089
<b><u>2001:</u></b>			
<u>Debt Service Fund:</u>			
General Obligation:			
Principal	1,630,000	1,690,000	60,000
Interest	214,325	239,063	24,738
General Obligation - OWDA:			
Principal	65,741	89,788	24,047
<u>Enterprise Fund:</u>			
Water Fund			
Transfers	200,038	300,057	100,019
Sewer Fund			
Transfers	138,963	163,230	24,267
Water Treatment Capital Improvement			
Capital Outlay	200,038	300,057	100,019

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	VOCW-2002-002 - (Continued)

With expenditures exceeding appropriations, the Village is expending monies that have not been approved.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF CANAL 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  
AUGUST 26, 2003**