

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

*Financial Statements*  
(Audited)

For The Year Ended  
December 31, 2010

**KEN SALAK, FINANCE DIRECTOR**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Groveport, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

June 10, 2011

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**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

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

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**Independent Auditor's Report**

Village of Groveport  
Franklin County  
655 Blacklick Street  
Groveport, Ohio 43125

To the Members of Council and Mayor:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Groveport, Franklin County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the Village of Groveport's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Groveport's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

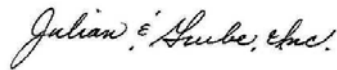
As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Groveport, Franklin County, Ohio, as of December 31, 2010, and the respective changes in cash financial position and the respective budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

Members of Council and Mayor  
Village of Groveport  
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2011, on our consideration of the Village of Groveport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Julian & Grube, Inc.  
March 31, 2011



## VILLAGE OF GROVEPORT, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 UNAUDITED

The management's discussion and analysis of the Village of Groveport's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2010, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Village's financial performance.

#### **Financial Highlights**

Key financial highlights for 2010 are as follows:

- The total net cash assets of the Village increased \$715,988. Net cash assets of governmental activities increased \$407,835, which represents an 8.90% increase from fiscal year 2009. Net cash assets of business-type activities increased \$308,153 or 18.19% from fiscal year 2009.
- General cash receipts accounted for \$14,241,066 or 81.91% of total governmental activities cash receipts. Program specific cash receipts accounted for \$3,146,191 or 18.09% of total governmental activities cash receipts.
- The Village had \$16,979,422 in cash disbursements related to governmental activities; \$3,146,191 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$14,241,066 were adequate to provide for these programs.
- The Village's major governmental funds are the general fund and debt service fund. The general fund had cash receipts of \$10,174,055 in 2010. The cash disbursements and other financing disbursements of the general fund totaled \$9,793,785 in 2010. The general fund's cash balance increased \$380,270 from 2009 to 2010.
- The debt service fund had cash receipts and other financing receipts of \$6,566,735 and cash disbursements of \$6,566,735 in 2010.
- The Village's major business-type activities funds are the water and sewer fund. Net cash assets of business-type activities increased \$308,153 or 18.19% from fiscal year 2009.

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

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

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

## VILLAGE OF GROVEPORT, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 UNAUDITED

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

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

The statement of net assets - cash basis and statement of activities - cash basis answer the question, "How did we do financially during 2010?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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

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

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

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

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

##### *Fund Financial Statements*

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

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

## VILLAGE OF GROVEPORT, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 UNAUDITED

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

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

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

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

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

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

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

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

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-41 of this report.

**VILLAGE OF GROVEPORT, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED

**Government-Wide Financial Analysis**

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

The table below provides a summary of the Village's net cash assets for 2010 and 2009.

	<b>Net Cash Assets</b>					
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 4,991,810	\$ 2,001,903	\$ 4,583,975	\$ 1,693,750	\$ 6,993,713	\$ 6,277,725
Total assets	<u>4,991,810</u>	<u>2,001,903</u>	<u>4,583,975</u>	<u>1,693,750</u>	<u>6,993,713</u>	<u>6,277,725</u>
<u>Net cash assets</u>						
Restricted	762,981	-	709,155	-	762,981	709,155
Unrestricted	<u>4,228,829</u>	<u>2,001,903</u>	<u>3,874,820</u>	<u>1,693,750</u>	<u>6,230,732</u>	<u>5,568,570</u>
Total net cash assets	<u>\$ 4,991,810</u>	<u>\$ 2,001,903</u>	<u>\$ 4,583,975</u>	<u>\$ 1,693,750</u>	<u>\$ 6,993,713</u>	<u>\$ 6,277,725</u>

The total net cash assets of the Village increased \$715,988. Net cash assets of governmental activities increased \$407,835, which represents an 8.90% increase from fiscal year 2009. Net cash assets of business-type activities increased \$308,153 or 18.19% from fiscal year 2009.

The balance of government-wide unrestricted net cash assets of \$6,230,732 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table shows the change in net assets for the years 2010 and 2009. Certain cash receipts reported as operating grants and contributions in 2009 have been reclassified to payment in lieu of taxes in order to conform to the 2010 presentation.

**VILLAGE OF GROVEPORT, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED**

	<b>Change in Net Cash Assets</b>					
	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2010	2009	2010	2009	2010	2009
<b>Cash receipts:</b>						
Program cash receipts:						
Charges for services and sales	\$ 2,574,486	\$ 2,523,407	\$ 863,087	\$ 818,216	\$ 3,437,573	\$ 3,341,623
Operating grants and contributions	571,705	621,272	-	-	571,705	621,272
Capital grants and contributions	-	41,815	-	-	-	41,815
<b>Total program cash receipts</b>	<b>3,146,191</b>	<b>3,186,494</b>	<b>863,087</b>	<b>818,216</b>	<b>4,009,278</b>	<b>4,004,710</b>
General cash receipts:						
Property and other taxes	268,800	295,157	-	-	268,800	295,157
Payment in lieu of taxes	46,673	31,663	-	-	46,673	31,663
Income tax	8,704,442	8,608,848	-	-	8,704,442	8,608,848
Unrestricted grants	394,655	301,410	-	-	394,655	301,410
Sale of notes	-	4,500,000	600,000	600,000	600,000	5,100,000
Premium on note issue	-	32,715	5,922	2,940	5,922	35,655
Sale of bonds	4,465,000	-	-	-	4,465,000	-
Premium on bond issue	165,251	-	-	-	165,251	-
Investment earnings	54,281	90,840	-	-	54,281	90,840
Miscellaneous	141,964	158,669	4,188	3,229	146,152	161,898
<b>Total general cash receipts</b>	<b>14,241,066</b>	<b>14,019,302</b>	<b>610,110</b>	<b>606,169</b>	<b>14,851,176</b>	<b>14,625,471</b>
<b>Total cash receipts</b>	<b>17,387,257</b>	<b>17,205,796</b>	<b>1,473,197</b>	<b>1,424,385</b>	<b>18,860,454</b>	<b>18,630,181</b>
<b>Cash disbursements:</b>						
Current:						
Security of persons and property	2,178,470	1,984,456	-	-	2,178,470	1,984,456
Public health services	54,751	42,765	-	-	54,751	42,765
Leisure time activities	3,645,127	3,593,420	-	-	3,645,127	3,593,420
Community environment	349,548	355,469	-	-	349,548	355,469
Transportation	972,859	847,171	-	-	972,859	847,171
General government	2,774,960	2,829,739	-	-	2,774,960	2,829,739
Economic development	184,112	176,795	-	-	184,112	176,795
Capital outlay	153,691	983,784	-	-	153,691	983,784
Debt service:						
Principal retirement	5,639,156	5,674,463	-	-	5,639,156	5,674,463
Interest and fiscal charges	901,126	808,184	-	-	901,126	808,184
Bond issuance costs	125,622	20,415	-	-	125,622	20,415
Water	-	-	973,276	986,242	973,276	986,242
Sewer	-	-	191,768	212,780	191,768	212,780
<b>Total cash disbursements</b>	<b>16,979,422</b>	<b>17,316,661</b>	<b>1,165,044</b>	<b>1,199,022</b>	<b>18,144,466</b>	<b>18,515,683</b>
<b>Change in net cash assets</b>	<b>407,835</b>	<b>(110,865)</b>	<b>308,153</b>	<b>225,363</b>	<b>715,988</b>	<b>114,498</b>
<b>Net cash assets at beginning of year</b>	<b>4,583,975</b>	<b>4,694,840</b>	<b>1,693,750</b>	<b>1,468,387</b>	<b>6,277,725</b>	<b>6,163,227</b>
<b>Net cash assets at end of year</b>	<b>\$ 4,991,810</b>	<b>\$ 4,583,975</b>	<b>\$ 2,001,903</b>	<b>\$ 1,693,750</b>	<b>\$ 6,993,713</b>	<b>\$ 6,277,725</b>

## VILLAGE OF GROVEPORT, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 UNAUDITED

#### Governmental Activities

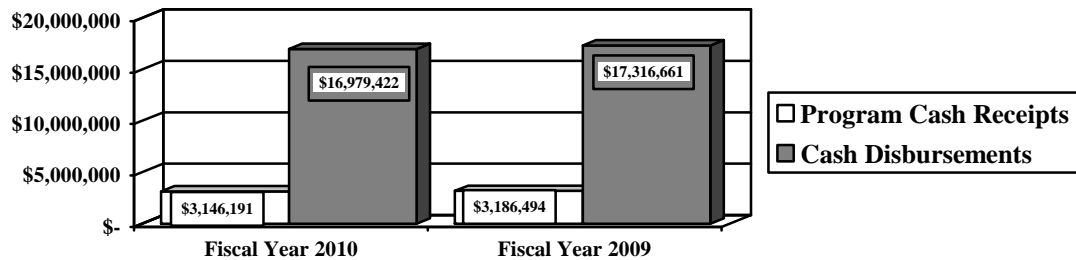
Governmental cash assets increased by \$407,835 in 2010 from 2009, which is the result of both decreased cash disbursements and increased cash receipts, particularly income tax receipts.

The Village's largest expense program in 2010 was leisure time activities. In 2010, leisure time activities disbursements totaled \$3,645,127, or 21.47% of total governmental cash disbursements. Leisure time activities programs were supported by \$2,265,385 in direct charges to users for services and \$10,000 in operating grants.

The Village program, security of persons and property, accounted for \$2,178,470 or 12.83% of total governmental cash disbursements. General government represents activities related to the governing body as well as activities that directly support Village programs. General government programs totaled \$2,774,960 or 16.34% of total cash disbursements. These service programs are primarily supported by user fees, and state and federal grants. The Village program, transportation, accounted for \$972,859 or 5.73% of total governmental cash disbursements. The transportation service programs are primarily supported by operating grants and contributions totaling \$544,494.

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

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



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2010. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

**VILLAGE OF GROVEPORT, OHIO**

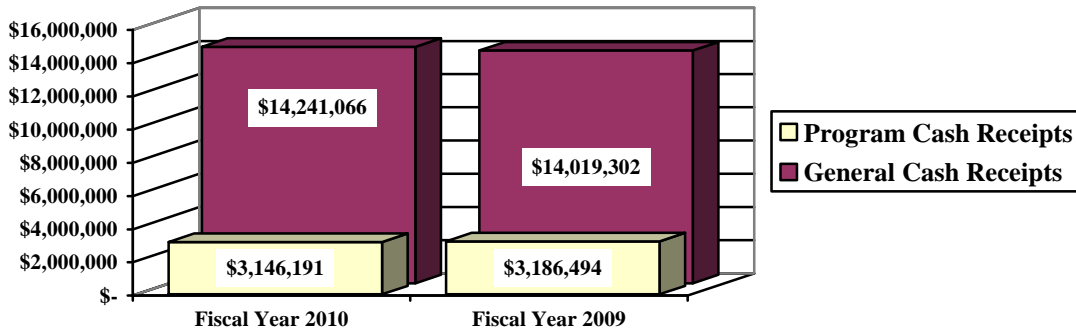
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED

	<b>Governmental Activities</b>			
	<u>2010</u>		<u>2009</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Cash disbursements:				
Current:				
Security of persons and property	\$ 2,178,470	\$ 2,148,099	\$ 1,984,456	\$ 1,942,712
Public health services	54,751	43,081	42,765	34,123
Leisure time activities	3,645,127	1,369,742	3,593,420	1,347,855
Community environment	349,548	161,535	355,469	195,089
Transportation	972,859	428,365	847,171	292,110
General government	2,774,960	2,678,702	2,829,739	2,696,452
Economic development	184,112	184,112	176,795	176,795
Capital outlay	153,691	153,691	983,784	941,969
Debt service:				
Principal retirement	5,639,156	5,639,156	5,674,463	5,674,463
Interest and fiscal charges	901,126	901,126	808,184	808,184
Note issuance costs	-	-	20,415	20,415
Bond issuance costs	125,622	125,622	-	-
<b>Total</b>	<u>\$ 16,979,422</u>	<u>\$ 13,833,231</u>	<u>\$ 17,316,661</u>	<u>\$ 14,130,167</u>

The dependence upon general cash receipts for governmental activities is apparent; with 81.47% of cash disbursements supported through taxes and other general cash receipts during 2010.

The graph below presents the Village's governmental activities receipts for 2010 and 2009:

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



**Business-Type Activities**

The water and sewer funds are the Village's major enterprise funds. These programs had cash receipts of \$1,473,197 and cash disbursements of \$1,165,044 for fiscal year 2010. The net cash assets of the programs increased \$308,153 or 18.19% from 2009.

**VILLAGE OF GROVEPORT, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED

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

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

**Governmental Funds**

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

The Village's governmental funds reported a combined fund cash balance of \$4,991,810, which is \$407,835 above last year's total of \$4,583,975. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2010 and December 31, 2009, for all major and non-major governmental funds.

	Fund Cash Balance <u>December 31, 2010</u>	Fund Cash Balance <u>December 31, 2009</u>	<u>Increase</u>
General	\$ 4,228,829	\$ 3,848,559	\$ 380,270
Other nonmajor governmental funds	<u>762,981</u>	<u>735,416</u>	<u>27,565</u>
Total	<u>\$ 4,991,810</u>	<u>\$ 4,583,975</u>	<u>\$ 407,835</u>

**General Fund**

The general fund, the Village's largest major fund, had cash receipts of \$10,174,055 in 2010. The cash disbursements and other financing disbursements of the general fund totaled \$9,793,785 in 2010. The general fund's cash balance increased \$380,270 from 2009 to 2010.

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

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Percentage Change</u>
<b><u>Cash receipts:</u></b>			
Income taxes	\$ 6,767,958	\$ 6,802,271	(0.50) %
Property and other taxes	268,800	295,157	(8.93) %
Intergovernmental	394,655	301,410	30.94 %
Charges for services	2,341,115	2,330,106	0.47 %
Fines and forfeitures	215,913	180,273	19.77 %
Investment income	54,205	87,073	(37.75) %
Other	<u>131,409</u>	<u>150,466</u>	(12.67) %
Total	<u>\$ 10,174,055</u>	<u>\$ 10,146,756</u>	0.27 %

Property tax receipts decreased due to the phase-out of the tangible personal property tax. Intergovernmental receipts increased in part due to reimbursements from the State for the lost tangible personal property taxes revenue. The increase in fines and forfeitures receipts is due to more building and other permits issued in 2010. Investment income decreased due to lower interest rates during the year.



## VILLAGE OF GROVEPORT, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010 UNAUDITED

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

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash disbursements:</u></b>			
Security of persons and property	\$ 2,167,841	\$ 1,984,456	9.24 %
Public health service	54,751	42,765	28.03 %
Leisure time activity	3,625,279	3,573,587	1.45 %
Community environment	349,548	355,469	(1.67) %
Transportation	147,390	139,155	5.92 %
General government	2,721,766	2,791,243	(2.49) %
Economic development	184,112	176,795	4.14 %
Debt service	<u>20,944</u>	<u>24,236</u>	(13.58) %
Total	<u>\$ 9,271,631</u>	<u>\$ 9,087,706</u>	2.02 %

Overall, general fund cash disbursements remained stable, increasing a modest 2.02% from 2009 to 2010. The most significant change occurred in the security of persons and property disbursements, which increased over 9%. The security of persons and property program accounts for the Village's police department activity.

#### ***Debt Service Fund***

The debt service fund had cash receipts and other financing receipts of \$6,566,735 and cash disbursements of \$6,566,735 in 2010.

#### ***Budgeting Highlights - General Fund***

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

General fund original budgeted revenues were \$9,640,814 and final budgeted revenues were \$10,800,000. Actual revenues for fiscal year 2010 totaled \$10,174,055 which represents a \$625,945 decrease over final budgeted revenues.

General fund original appropriations of \$10,967,081 were decreased to \$10,999,581 in the final budget. The actual budget basis expenditures for fiscal year 2010 totaled \$9,903,553, which is lower than the final budget appropriations by \$1,096,028.

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

##### ***Capital Assets***

The Village does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Village had capital outlay disbursements of \$188,244 during fiscal year 2010.

**VILLAGE OF GROVEPORT, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED**

***Debt Administration***

The Village had the following long-term obligations outstanding at December 31, 2010 and 2009:

	2010	2009
	Governmental Activities	Governmental Activities
Income tax revenue bonds	\$ 11,320,000	\$ 12,030,000
General obligation bonds	4,285,000	-
Notes payable	-	4,500,000
OPWC loans	817,449	873,431
Capital lease payable	<u>236,832</u>	<u>430,006</u>
Total long-term obligations	<u>\$ 16,659,281</u>	<u>\$ 17,833,437</u>
	Business-Type Activities	Business-Type Activities
Water system improvement note	<u>\$ 600,000</u>	<u>\$ 600,000</u>
Total long-term obligations	<u>\$ 600,000</u>	<u>\$ 600,000</u>

**Economic Conditions and Outlook**

The Village of Groveport's main source of revenue is the 2.0% Village income tax. Income tax collections increased slightly in 2010, after decreasing approximately 22% in 2009. Income tax receipts accounted for 67% of all general fund receipts. Local government funding from the State of Ohio decreased by about 10% and is expected to continue to decrease due to budget deficits at the State level. The Village is anticipating a leveling or slight increase for income taxes in 2011 due to the recovering economy and additional new commercial tenants in the industrial park. In addition, the Village's recreation programs, especially at the golf course and recreation center, continue to provide supplementary revenue; these programs maintained their revenues streams in 2010 while reducing expenses.

The Village's industrial and commercial area has grown to 14.5 million square feet over the last few years, with the addition of a 936,000 square foot building in 2008. 30,000 square feet were added in 2010 and Kraft Foods now occupies the building with 200 employees. In addition, the Eddie Bauer operation will be moving 250 jobs from their New England location. Specialized Bicycle has moved into the industrial park bringing 100 new employees. The Village's commercial and industrial area currently houses Toys-r-Us, Gap, Yokahama Tire, Cardinal Health, Build A Bear, Kubota, McGraw Hill and Delphi. The bulk of the Village's tenants are retail or auto industry based.

**Contacting the Village's Financial Management**

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

**CASH BASIS BASIC  
FINANCIAL STATEMENTS**

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**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2010

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 4,991,810	\$ 2,001,903	\$ 6,993,713
Total assets. . . . .	<u>4,991,810</u>	<u>2,001,903</u>	<u>6,993,713</u>
<b>Net cash assets:</b>			
Restricted for:			
Street construction . . . . .	72,506	-	72,506
State highway . . . . .	304,838	-	304,838
Parks and recreation . . . . .	125,327	-	125,327
Security of persons and property . . . . .	12,533	-	12,533
Capital projects . . . . .	73,862	-	73,862
Other purposes . . . . .	173,915	-	173,915
Unrestricted . . . . .	<u>4,228,829</u>	<u>2,001,903</u>	<u>6,230,732</u>
Total net cash assets . . . . .	<u>\$ 4,991,810</u>	<u>\$ 2,001,903</u>	<u>\$ 6,993,713</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Governmental activities:</b>			
Current:			
Security of persons and property . . . . .	\$ 2,178,470	\$ 30,371	\$ -
Public health services . . . . .	54,751	11,670	-
Leisure time activities . . . . .	3,645,127	2,265,385	10,000
Community environment . . . . .	349,548	188,013	-
Transportation. . . . .	972,859	-	544,494
General government. . . . .	2,774,960	79,047	17,211
Economic development . . . . .	184,112	-	-
Capital outlay . . . . .	153,691	-	-
Debt service:			
Principal retirement. . . . .	5,639,156	-	-
Interest and fiscal charges . . . . .	901,126	-	-
Bond issuance costs . . . . .	125,622	-	-
Total governmental activities . . . . .	<u>16,979,422</u>	<u>2,574,486</u>	<u>571,705</u>
<b>Business-Type activities:</b>			
Water . . . . .	973,276	394,436	-
Sewer . . . . .	191,768	468,651	-
Total business-type activities . . . . .	<u>1,165,044</u>	<u>863,087</u>	<u>-</u>
Totals . . . . .	<u>\$ 18,144,466</u>	<u>\$ 3,437,573</u>	<u>\$ 571,705</u>

**General cash receipts:**

Property and other taxes levied for:
General purposes . . . . .
Payment in lieu of taxes. . . . .
Income taxes levied for:
General purposes . . . . .
Debt services . . . . .
Grants and entitlements not restricted
to specific programs. . . . .
Sale of notes . . . . .
Premium on notes . . . . .
Sale of bonds . . . . .
Premium on bonds . . . . .
Investment receipts. . . . .
Miscellaneous. . . . .
Total general cash receipts. . . . .
Change in net cash assets . . . . .
<b>Net cash assets at beginning of year . . . . .</b>
<b>Net cash assets at end of year . . . . .</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,148,099)	\$ -	\$ (2,148,099)
(43,081)	-	(43,081)
(1,369,742)	-	(1,369,742)
(161,535)	-	(161,535)
(428,365)	-	(428,365)
(2,678,702)	-	(2,678,702)
(184,112)	-	(184,112)
(153,691)	-	(153,691)
(5,639,156)	-	(5,639,156)
(901,126)	-	(901,126)
(125,622)	-	(125,622)
(13,833,231)	-	(13,833,231)
-	(578,840)	(578,840)
-	276,883	276,883
-	(301,957)	(301,957)
(13,833,231)	(301,957)	(14,135,188)
268,800	-	268,800
46,673	-	46,673
6,767,958	-	6,767,958
1,936,484	-	1,936,484
394,655	-	394,655
-	600,000	600,000
-	5,922	5,922
4,465,000	-	4,465,000
165,251	-	165,251
54,281	-	54,281
141,964	4,188	146,152
14,241,066	610,110	14,851,176
407,835	308,153	715,988
4,583,975	1,693,750	6,277,725
\$ 4,991,810	\$ 2,001,903	\$ 6,993,713

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 4,228,829	\$ 762,981	\$ 4,991,810
Total assets . . . . .	\$ 4,228,829	\$ 762,981	\$ 4,991,810
<b>Fund cash balances:</b>			
Reserved for encumbrances. . . . .	\$ 109,768	\$ 62,169	\$ 171,937
Unreserved, undesignated, reported in:			
General fund. . . . .	4,119,061	-	4,119,061
Special revenue funds . . . . .	-	683,614	683,614
Capital projects fund . . . . .	-	17,198	17,198
Total fund cash balances . . . . .	\$ 4,228,829	\$ 762,981	\$ 4,991,810

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash receipts:</b>				
Municipal income taxes . . . . .	\$ 6,767,958	\$ 1,936,484	\$ -	\$ 8,704,442
Property and other taxes . . . . .	268,800	-	-	268,800
Payment in lieu of taxes . . . . .	-	-	46,673	46,673
Intergovernmental . . . . .	394,655	-	571,705	966,360
Charges for services . . . . .	2,341,115	-	9,640	2,350,755
Fines and forfeitures . . . . .	215,913	-	7,818	223,731
Interest income . . . . .	54,205	-	76	54,281
Other . . . . .	131,409	-	10,555	141,964
Total cash receipts . . . . .	<u>10,174,055</u>	<u>1,936,484</u>	<u>646,467</u>	<u>12,757,006</u>
<b>Cash disbursements:</b>				
Current:				
Security of persons and property . . . . .	2,167,841	-	10,629	2,178,470
Public health services . . . . .	54,751	-	-	54,751
Leisure time activities . . . . .	3,625,279	-	19,848	3,645,127
Community environment . . . . .	349,548	-	-	349,548
Transportation . . . . .	147,390	-	825,469	972,859
General government . . . . .	2,721,766	-	53,194	2,774,960
Economic development . . . . .	184,112	-	-	184,112
Capital outlay . . . . .	-	-	153,691	153,691
Debt service:				
Principal retirement . . . . .	15,879	5,554,812	68,465	5,639,156
Interest and fiscal charges . . . . .	5,065	886,301	9,760	901,126
Bond issuance costs . . . . .	-	125,622	-	125,622
Total cash disbursements . . . . .	<u>9,271,631</u>	<u>6,566,735</u>	<u>1,141,056</u>	<u>16,979,422</u>
Excess (deficiency) of cash receipts over (under) cash disbursements . . . . .	<u>902,424</u>	<u>(4,630,251)</u>	<u>(494,589)</u>	<u>(4,222,416)</u>
<b>Other financing receipts (disbursements):</b>				
Bond issuance . . . . .	-	4,465,000	-	4,465,000
Premium on bonds . . . . .	-	165,251	-	165,251
Transfers in . . . . .	-	-	522,154	522,154
Transfers out . . . . .	(522,154)	-	-	(522,154)
Total other financing receipts (disbursements) . . . . .	<u>(522,154)</u>	<u>4,630,251</u>	<u>522,154</u>	<u>4,630,251</u>
Net change in fund cash balances . . . . .	380,270	-	27,565	407,835
<b>Fund cash balances at beginning of year . . . .</b>	<u>3,848,559</u>	<u>-</u>	<u>735,416</u>	<u>4,583,975</u>
<b>Fund cash balances at end of year . . . . .</b>	<u>\$ 4,228,829</u>	<u>\$ -</u>	<u>\$ 762,981</u>	<u>\$ 4,991,810</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Municipal income taxes . . . . .	\$ 6,607,156	\$ 7,401,583	\$ 6,767,958	\$ (633,625)
Property and other taxes. . . . .	272,001	304,706	268,800	(35,906)
Intergovernmental. . . . .	248,152	277,989	394,655	116,666
Charges for services . . . . .	2,162,401	2,422,402	2,341,115	(81,287)
Fines and forfeitures. . . . .	179,656	201,257	215,913	14,656
Interest income . . . . .	98,203	110,011	54,205	(55,806)
Other . . . . .	73,245	82,052	131,409	49,357
Total budgetary basis receipts. . . . .	<u>9,640,814</u>	<u>10,800,000</u>	<u>10,174,055</u>	<u>(625,945)</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Security of persons and property . . . . .	2,219,775	2,219,775	2,171,214	48,561
Public health services. . . . .	48,700	48,700	56,051	(7,351)
Leisure time activities . . . . .	4,039,405	4,039,405	3,668,653	370,752
Community environment. . . . .	368,028	400,528	350,666	49,862
Transportation . . . . .	144,000	144,000	143,998	2
General government . . . . .	3,207,765	3,186,821	2,785,716	401,105
Economic development . . . . .	209,408	209,408	184,157	25,251
Debt service:				
Principal retirement . . . . .	-	15,879	15,879	-
Interest and fiscal charges . . . . .	-	5,065	5,065	-
Total budgetary basis disbursements . . . . .	<u>10,237,081</u>	<u>10,269,581</u>	<u>9,381,399</u>	<u>888,182</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements. . . . .	<u>(596,267)</u>	<u>530,419</u>	<u>792,656</u>	<u>262,237</u>
<b>Other financing (disbursements):</b>				
Transfers out . . . . .	<u>(730,000)</u>	<u>(730,000)</u>	<u>(522,154)</u>	<u>207,846</u>
Total other financing (disbursements) . . . . .	<u>(730,000)</u>	<u>(730,000)</u>	<u>(522,154)</u>	<u>207,846</u>
Net change in fund cash balance . . . . .	(1,326,267)	(199,581)	270,502	470,083
<b>Fund cash balance at beginning of year. . . . .</b>	3,766,911	3,766,911	3,766,911	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>81,648</u>	<u>81,648</u>	<u>81,648</u>	<u>-</u>
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 2,522,292</u>	<u>\$ 3,648,978</u>	<u>\$ 4,119,061</u>	<u>\$ 470,083</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS  
ENTERPRISE FUNDS  
DECEMBER 31, 2010

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and investments. . . . .	\$ 471,720	\$ 1,530,183	\$ 2,001,903
Total assets . . . . .	471,720	1,530,183	2,001,903
<b>Net cash assets:</b>			
Unrestricted. . . . .	471,720	1,530,183	2,001,903
Total net cash assets. . . . .	\$ 471,720	\$ 1,530,183	\$ 2,001,903

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH ASSETS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Operating cash receipts:</b>			
Charges for services . . . . .	\$ 394,436	\$ 468,651	\$ 863,087
Total operating cash receipts . . . . .	394,436	468,651	863,087
<b>Operating cash disbursements:</b>			
Personal services . . . . .	283,655	64,037	347,692
Contractual services . . . . .	19,577	74,111	93,688
Materials and supplies . . . . .	40,184	29,542	69,726
Capital outlay . . . . .	10,475	24,078	34,553
Total operating cash disbursements . . . . .	353,891	191,768	545,659
Operating cash receipts over operating cash disbursements . . . . .	40,545	276,883	317,428
<b>Nonoperating cash receipts (disbursements):</b>			
Note issuance . . . . .	600,000	-	600,000
Premium on notes . . . . .	5,922	-	5,922
Note issuance cost . . . . .	(5,922)	-	(5,922)
Debt Service:			
Principal . . . . .	(600,000)	-	(600,000)
Interest and other fiscal charges . . . . .	(13,463)	-	(13,463)
Other nonoperating revenue . . . . .	4,188	-	4,188
Total nonoperating cash receipts (disbursements) . . . . .	(9,275)	-	(9,275)
Changes in net cash assets. . . . .	31,270	276,883	308,153
<b>Net cash assets at beginning of year . . . . .</b>	<b>440,450</b>	<b>1,253,300</b>	<b>1,693,750</b>
<b>Net cash assets at end of year . . . . .</b>	<b>\$ 471,720</b>	<b>\$ 1,530,183</b>	<b>\$ 2,001,903</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF FIDUCIARY CASH BASIS ASSETS AND NET CASH ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2010

	<b>Agency</b>
<b>Cash assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 58,841
Cash in segregated accounts. . . . .	19,932
Total assets . . . . .	\$ 78,773
 <b>Net cash assets:</b>	
Unrestricted. . . . .	\$ 78,773
Total net cash assets. . . . .	\$ 78,773

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 1 - DESCRIPTION OF THE ENTITY**

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

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

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

As discussed further in Note 2.C., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Village's accounting policies:

**A. Basis of Presentation**

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

Government-wide Statement of Activities - Cash Basis - This statement displays information about the Village as a whole, except for fiduciary funds. The statement distinguishes between those activities of the Village that are governmental and those that are considered business-type activities.

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

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

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

**B. Fund Accounting**

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

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

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

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

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

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

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

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

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



**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

**C. Basis of Accounting**

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code (ORC) and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendments throughout the year with the legal restriction that appropriations cannot exceed estimated resources. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the department level in the general fund, and at the fund level for all other funds, which is in noncompliance with Ohio Revised Code Section 5705.38(C). Budgetary modifications outside of the legal level of budgetary control may only be made by resolution of Village Council.

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

The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources which states the projected revenue of each fund. On or about January 1, this certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the following year as authority for expenditure. Budgeted receipts as shown in the accompanying financial statements do not include January 1, 2010 unencumbered fund balances. However, those fund balances are available for appropriations. The amounts reported on the budgetary statements reflect the amounts in the original and final amended official certificate of estimated resources issued during 2010.

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

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified and beginning-year fund balance. Supplemental appropriations were made in 2010. These supplemental appropriations were legally enacted by Village Council. The budget figures which appear in the statements of budgetary comparisons represent the original and final appropriation amounts, including all amendments and modifications.

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

**E. Cash and Cash Equivalents**

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

During 2010, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities, money market mutual funds and negotiable certificates of deposit.

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

The Village had invested funds in STAR Ohio during 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2010.

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

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2010 amounted to \$54,205, of which \$21,461 was assigned from other Village funds.

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

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

**F. Capital Assets**

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

**G. Unpaid Vacation and Sick Leave**

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

**H. Long-term Obligations**

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

**I. Net Assets**

Net assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. Net assets restricted for other purposes include amounts restricted for court computerization, the cemetery and cemetery perpetual care.

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

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

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

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**VILLAGE OF GROVEPORT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

3. Obligations of the Village.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash in Segregated Accounts**

The Village has depository accounts outside of the Village treasury to account for Mayor's Court and for the Village's flexible spending plan operations. The carrying amounts of these depository accounts at December 31, 2010 were \$4,668 and \$15,264, respectively. These depository accounts are included in "deposits with financial institutions" below.

**B. Deposits with Financial Institutions**

At December 31, 2010, the carrying amount of all Village deposits was \$1,374,638. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2010, \$1,202,224 of the Village's bank balance of \$1,472,156 was exposed to custodial risk as discussed below, while \$269,932 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. As permitted by the Ohio Revised Code, the Village's deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The Village has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

**C. Investments**

As of December 31, 2010, the Village had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FHLB	\$ 994,190	\$ -	\$ -	\$ -	\$ -	\$ 994,190
Negotiable CD's	1,506,502	-	-	251,613	250,082	1,004,807
STAR Ohio	69,802	69,802	-	-	-	-
Money market mutual funds	3,127,354	3,127,354	-	-	-	-
Total	<u>\$ 5,697,848</u>	<u>\$ 3,197,156</u>	<u>\$ -</u>	<u>\$ 251,613</u>	<u>\$ 250,082</u>	<u>\$ 1,998,997</u>

The weighted average maturity of investments is 1.11 years.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

*Interest Rate Risk:* The Ohio Revised Code general limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

*Credit Risk:* The Village's investments in federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Moody's Investor Services has assigned the negotiable CD's A2 and Ba3 money market ratings. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The Village's investment policy does not specifically address credit risk beyond requiring the Village to invest in securities authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the Village's name. The Village has no investment policy dealing with investment custodial risk beyond the requirement in State statute.

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

The following table includes the percentage of each investment type held by the Village at December 31, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 994,190	17.45
Negotiable CD's	1,506,502	26.44
STAR Ohio	69,802	1.23
Money market mutual funds	<u>3,127,354</u>	<u>54.88</u>
Total	<u>\$ 5,697,848</u>	<u>100.00</u>

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,374,638
Investments	<u>5,697,848</u>
Total	<u>\$ 7,072,486</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 4,991,810
Business-type activities	2,001,903
Agency fund	<u>78,773</u>
Total	<u>\$ 7,072,486</u>

**NOTE 5 - INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2010, consisted of the following, as reported in the fund financial statements:

	<u>Transfers from</u>
<u>Transfers to</u>	<u>General</u>
Nonmajor governmental funds	\$ <u>522,154</u>
Total	<u>\$ 522,154</u>

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

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

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 6 - PROPERTY TAX**

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

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



**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

The full tax rate for all Village operations for the year ended December 31, 2010 was \$1.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 100,781,530
Commercial/Industrial/Mineral	90,943,220
Tangible Personal Property	126,753
<u>Public Utility</u>	
Real	13,090
Personal	<u>17,452,470</u>
Total Assessed Value	<u>\$ 209,317,063</u>

**NOTE 7 - LOCAL INCOME TAX**

The 2.0 percent Village income tax, which is not subject to renewal, is levied on substantially all income earned within the Village. In addition, the residents of the Village are required to pay Village income tax on income they earn outside the Village; however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the Village are required to withhold income tax on employee compensation and remit the tax to the Village at least quarterly. Major employers are required to remit withholdings to the Village monthly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the Village. During 2010, the Village collected \$8,704,442 in income tax receipts.

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

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

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of December 31, 2010.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

Fiscal Year Ending <u>December 31</u>	<u>Total</u>
2011	\$ 219,955
2012	21,992
2013	<u>12,384</u>
Total future minimum lease payments	254,331
Less: amount representing interest	<u>(17,499)</u>
Present value of future minimum lease payments	<u>\$ 236,832</u>

**NOTE 9 - DEBT OBLIGATIONS**

A. During 2010, the following activity occurred in the governmental activities long-term obligations:

	Balance			Balance	Amounts
<b><u>Governmental activities:</u></b>	<u>12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/10</u>	<u>Due in One Year</u>
Income Tax Revenue Bonds	\$ 12,030,000	\$ -	\$ (710,000)	\$ 11,320,000	\$ 730,000
General Obligation Bonds	-	4,465,000	(180,000)	4,285,000	165,000
Notes Payable	4,500,000	-	(4,500,000)	-	-
OPWC Loan Payable - East Main Street	445,845	-	(29,723)	416,122	59,446
OPWC Loan Payable - Hamilton Road	225,388	-	(15,026)	210,362	30,052
OPWC Loan Payable - Bixby Road	202,198	-	(11,233)	190,965	22,467
Capital Lease Payable	<u>430,006</u>	<u>-</u>	<u>(193,174)</u>	<u>236,832</u>	<u>205,094</u>
Total Governmental Activities	<u>\$ 17,833,437</u>	<u>\$ 4,465,000</u>	<u>\$ (5,639,156)</u>	<u>\$ 16,659,281</u>	<u>\$ 1,212,059</u>

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

*Income Tax Revenue Bonds:* On October 1, 2002, the Village issued income tax revenue bonds for the purpose of constructing, furnishing and equipping a recreation center with related facilities, site improvements and to advance refund the 1996 general obligation capital facilities bonds by purchasing U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The Village used \$1,291,606 from the issuance to purchase securities which were placed in an irrevocable trust which provided resources for all future debt service payments on the refunded debt. The refunded debt is considered defeased and the applicable liabilities have been removed from the financial statements. The refunding resulted in an economic gain of \$142,988. The principal balance of the general obligation capital facilities refunded bonds was reduced to zero at December 31, 2010.

The Village has pledged future income tax revenues to finance the constructing, furnishing and equipping of a recreation center. The income tax revenue bonds are payable solely from income tax revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require less than 70.31 percent of net revenues. The total principal remaining to be paid on the income tax revenue bonds is \$11,320,000. Principal and interest paid for the current year and total available income tax revenues were \$1,273,305 and \$1,810,862, respectively.

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

*Land Acquisition and Improvement Notes:* On January 15, 2009, the Village issued \$4,500,000 in notes, bearing an interest rate of 3.50%, for the purchase of a golf course and the construction of certain public infrastructure improvements. The notes matured on January 14, 2010.

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

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

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

Fiscal Year Ending December 31,	Revenue Bonds			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 730,000	\$ 540,585	\$ 1,270,585	\$ 165,000	\$ 171,586	\$ 336,586
2012	755,000	516,860	1,271,860	170,000	168,286	338,286
2013	790,000	479,110	1,269,110	170,000	164,886	334,886
2014	820,000	452,250	1,272,250	175,000	161,486	336,486
2015	860,000	411,250	1,271,250	180,000	157,111	337,111
2016 - 2020	5,000,000	1,365,500	6,365,500	985,000	694,907	1,679,907
2021 - 2025	2,365,000	178,750	2,543,750	1,230,000	451,840	1,681,840
2026 - 2029	-	-	-	1,210,000	134,029	1,344,029
Total	<u>\$ 11,320,000</u>	<u>\$ 3,944,305</u>	<u>\$ 15,264,305</u>	<u>\$ 4,285,000</u>	<u>\$ 2,104,131</u>	<u>\$ 6,389,131</u>

Fiscal Year Ending December 31,	OPWC Loans		
	Principal	Interest	Total
2011	\$ 111,965	\$ -	\$ 111,965
2012	111,964	-	111,964
2013	111,965	-	111,965
2014	111,964	-	111,964
2015	111,965	-	111,965
2016 - 2019	<u>257,626</u>	<u>-</u>	<u>257,626</u>
Total	<u>\$ 817,449</u>	<u>\$ -</u>	<u>\$ 817,449</u>

**B.** During 2010, the following activity occurred in the business-type activities long-term obligations:

<b><u>Business-type activities:</u></b>	Balance			Balance 12/31/10	Amounts Due in One Year
	12/31/09	Additions	Reductions		
Water System Improvement Notes	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ (600,000)</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>

*Water System Improvement Notes:* On July 28, 2010, the Village issued \$600,000 in notes, bearing an interest rate of 2.00%, for water line reconstruction and the construction of certain public infrastructure improvements. The notes were a rollover from the notes issued on July 29, 2009 and have a maturity date of July 27, 2011.

**VILLAGE OF GROVEPORT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

**C. Legal Debt Margin**

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the Village's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the Village's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2010, the Village's total debt margin was \$17,679,983 and the unvoted debt margin was \$11,505,467.

**NOTE 10 - RISK MANAGEMENT**

**A. Comprehensive**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010, the Village was part of the Ohio Municipal League Joint Self - Insurance Pool an insurance purchasing pool, for general liability, property, auto, crime, forgery, employee liability, public officers liability, and boiler and machinery insurance. In October of 2010 the Village changed risk carriers to the Central Ohio Risk Management Association (CORMA) with comparable coverage. The Village has transferred its risk of loss to the insurance carrier to the extent of the limits shown below.

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

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 10 - RISK MANAGEMENT - (Continued)**

**B. Health Insurance**

During 2010, the Village was insured through Commercial Health insurance coverage with Medical Mutual of Ohio. The Village employees pay 10% contributions towards their health insurance premiums.

**C. Workers' Compensation**

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

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

**NOTE 11 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2010 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.5% and 11.1%, respectively. The Village's contribution rate for 2010 was 14.00%, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 17.87% of covered payroll.

The Village's contribution rate for pension benefits for members in the Traditional Plan for 2010 was 8.50% from January 1 through February 28, 2010 and 9.00% from March 1 through December 31, 2010. The Village's contribution rate for pension benefits for members in the Combined Plan for 2010 was 9.27% from January 1 through February 28, 2010 and 9.77% from March 1 through December 31, 2010. For those plan members in law enforcement and public safety pension contributions were 12.37% from January 1 through February 28, 2010 and 12.87% from March 1 through December 31, 2010. The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$281,679, \$332,119, and \$296,591, respectively; 90.91% has been contributed for 2010 and 100% has been contributed for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$14,511 made by the Village and \$10,365 made by the plan members.

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

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the Village is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2010, the portion of the Village's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The Village's required contributions for pension obligations to OP&F for police officers for the years ended December 31, 2010, 2009, and 2008 were \$180,996, \$165,948 and \$145,831, respectively; 77.04% has been contributed for 2010 and 100% has been contributed for 2009 and 2008.

**NOTE 12 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

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

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14.00% of covered payroll (17.87% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2010 was 5.50% from January 1 through February 28, 2010 and 5.00% from March 1 through December 31, 2010. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2010 was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010.

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

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$160,161, \$237,543, and \$296,591, respectively; 90.91% has been contributed for 2010 and 100% has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

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

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



**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers for the years ended December 31, 2010, 2009, and 2008 were \$95,821, \$87,855 and \$77,204, respectively; 77.04% has been contributed for 2010 and 100% has been contributed for 2009 and 2008.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). At December 31, 2010, the encumbrances outstanding at year end (budgetary basis) amounted to \$109,768 in the general fund.

**NOTE 14 - CONTINGENCIES**

**A. Grants**

The Village receives significant financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual opinion units included herein or on the overall financial position of the Village at December 31, 2010.

**B. Litigation**

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



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

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

Village of Groveport  
655 Blacklick Street  
Groveport, OH 43125

To the Members of Council and Mayor:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Groveport, Franklin County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the Village of Groveport's basic financial statements and have issued our report thereon dated March 31, 2011, wherein we noted the Village of Groveport prepared its financial statements on the cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-VOG-001 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

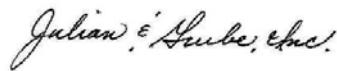
Members of Council and Mayor  
Village of Groveport

Compliance and Other Matters

As part of reasonably assuring whether the Village of Groveport's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2010-VOG-002 through 2010-VOG-003.

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

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



Julian & Grube, Inc.  
March 31, 2011

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2010**

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2010-VOG-001

Significant Deficiency - Payroll Disbursement Allocation

Payroll disbursements should be charged to funds and departments based upon actual work performed by employees and officials. The Village should have a control system in place to identify and quantify time employees spend on activities within each fund and department.

Throughout 2010, personal services were charged to funds and departments based on where appropriations were available rather than where the payroll was incurred. Payroll disbursements totaling \$69,434 were charged entirely to the Street Maintenance and Repair Fund, although their work duties included significant responsibilities within the Water and Sewer Department.

By changing personal services based on where appropriations were available rather than where the payroll was incurred, the Village is misrepresenting where employee time is spent and not properly reflecting department expenditures.

The audited financial statements and Village records reflect an adjustment to allocate the above amount to the proper funds.

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

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

Finding Number	2010-VOG-002
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Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the clerk-treasurer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, 2010, the Village had appropriations greater than actual resources, in the following funds:

	<u>Actual Resources</u>	<u>Appropriation</u>	<u>Excess</u>
<u>Major Governmental Fund:</u>			
Debt Service	\$ 6,566,735	\$ 6,700,000	\$ 133,265
<u>Nonmajor Governmental Fund:</u>			
Street Maintenance and Repair	892,747	899,784	7,037

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2010**

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2010-VOG-002 - (Continued)

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

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

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

Finding Number	2010-VOG-003
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Ohio Revised Code Section 5705.38 (C) requires that for subdivisions other than schools, appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

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

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

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

Client Response: The Village will be modifying their legal level of control beginning January 1, 2012.

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2009-VOG-001	<u>Material Weakness - Financial Statement Reporting</u> - Misstatements in the financial statements for the year under audit were not initially identified by the Village's internal control.	Yes	N/A
2009-VOG-002	Ohio Revised Code Section 5705.36(A)(4) states that upon a determination by the Clerk/Treasurer of subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources.	No	Repeated as finding 2010-VOG-002
2009-VOG-003	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	Yes	N/A
2009-VOG-004	<u>Significant Deficiency - Payroll Disbursement Allocation</u> - Payroll disbursements should be charged to funds and departments based upon actual work performed by employees and officials.	No	Repeated as finding 2010-VOG-001
2009-VOG-005	<u>Significant Deficiency - Utility Non-Cash Adjustments and Write Offs</u> - The Village does not have a formal review process over the meter reading reports with an independent, documented review.	Yes	N/A

**VILLAGE OF GROVEPORT  
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2009-VOG-006	Ohio Revised Code Section 5705.38(C) requires that subdivisions' appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department and division, the amount appropriated for personal services.	No	Repeated as finding 2010-VOG-003
2009-VOG-007	Ohio Constitution Article XII, Section 5a and 1982 Op. Attorney General No. 82-031 requires that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal.	Yes	N/A





# Dave Yost • Auditor of State

VILLAGE OF GROVEPORT

FRANKLIN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 23, 2011