

***VILLAGE OF OBETZ  
FRANKLIN COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEAR ENDED DECEMBER 31, 2010***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Obetz, Franklin County, prepared by Charles E. Harris & Associates, 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 Obetz is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

March 19, 2012

**This page intentionally left blank.**

**VILLAGE OF OBETZ  
FRANKLIN COUNTY  
AUDIT REPORT  
For the Year Ended December 31, 2010**

**TABLE OF CONTENTS**

<u><b>Title</b></u>	<u><b>Page</b></u>
<b>Report of Independent Accountants</b>	<b>1-2</b>
<b>Management Discussion &amp; Analysis</b>	<b>3-11</b>
<b>Statement of Net Assets – Cash Basis – For the Year Ended December 31, 2010</b>	<b>12</b>
<b>Statement of Activities – Cash Basis – For the Year Ended December 31, 2010</b>	<b>13</b>
<b>Statement of Cash Basis Assets and Fund Balances – Governmental Funds – For the Year Ended December 31, 2010</b>	<b>14</b>
<b>Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2010</b>	<b>15</b>
<b>Statement of Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis – General Fund – For the Year Ended December 31, 2010</b>	<b>16</b>
<b>Statement of Net Assets - Cash Basis – Proprietary Funds – For the Year Ended December 31, 2010</b>	<b>17</b>
<b>Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis – Proprietary Funds – For the Year Ended December 31, 2010</b>	<b>18</b>
<b>Statement of Fiduciary Net Assets - Cash Basis – For the Year Ended December 31, 2010</b>	<b>19</b>
<b>Notes to the Financial Statements</b>	<b>20-33</b>
<b>Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i></b>	<b>34-35</b>
<b>Schedule of Prior Audit Findings</b>	<b>36</b>

**This page intentionally left blank.**

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Obetz, Franklin County  
4175 Alum Creek Drive  
Obetz, Ohio 43207

To the Village Council:

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

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

As discussed in Note 2, the 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village as of December 31, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with accounting basis Note 2 describes.

The management's discussion and analysis on pages 3 to 11 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, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.

*Charles Harris Associates*

*Charles E. Harris & Associates, Inc.*

December 28, 2011

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

This discussion and analysis of the Village of Obetz's 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 accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2010 are as follows:

Net assets of governmental activities decreased \$2.3 million or 40 percent in 2010 due to the construction of the Obetz Athletic Center (OAC) at a cost of \$3.9 million. The two funds most affected by the decrease in cash and cash equivalents were the General Fund, which transferred \$2 million for the OAC construction, and the Recreation Facility Capital Projects Fund which accounted for the OAC project. The facility includes a huge parking lot which, over the last two years, has proven to be an excellent new venue for the annual Zucchini Festival. The rides, the car show, the pageants and the free entertainment have attracted thousands of visitors to the Village.

The Village's general receipts are primarily income taxes. These receipts represent more than fifty percent of the total operating cash received for governmental activities during the year. Income tax receipts for 2010 exceeded receipts from the year before by \$458,892, setting a record for the sixth consecutive year.

The redesign and reconstruction of the Alum Creek Drive and Groveport Road intersection was begun. Although the intersection belongs to and is the responsibility of the Village, all financial activity for the project is being handled by the Franklin County Engineer. The Village records receipts and disbursements based on cost reports provided by the Engineer's office.

Due to the national recession, the Village has avoided raising water and sewer rates. Consequently, the financial condition of the Village's water and sewer operations has deteriorated and will require a rate increase to overcome increased costs. The Village contracted with the Rural Community Assistance Program (RCAP) to perform a rate study and the results and recommendations have been reported to Council. It is anticipated that the rate changes will be finalized by year-end and go into effect on January 1, 2012.

**Using the Basic Financial Statements**

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

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and significant details regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determines when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

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

#### **Reporting Entity**

The Village is affiliated with two organizations, the Big Walnut Community Improvement Corporation (CIC) and the Obetz Convention and Visitor's Bureau (CVB). The CIC is a not-for profit corporation formed for the purpose of promoting economic development within the Village. The CIC is governed by a seven member board which includes the Mayor, Council President Pro-Tem and Administrator of the Village. The primary asset of the CIC is a building; the CIC's primary revenue is rent from a lease of the building to the Columbus Crew Soccer Team.

The CVB is governed by a seven member board which includes the Mayor, Council President Pro-Tem and Administrator of the Village. The CVB receives half of the lodging tax levied by the Village which is to be used for the promotion and marketing of the region in which the Village is located.

#### **Village-wide Statements**

The statement of net assets and the statement of activities reflect how the Village did financially during 2010, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies the extent to which each governmental function or business-type activity draws from the Village's general receipts.

The statement of net assets and the statement of activities report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, an increase or decrease in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's income tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

resources for operations and the need for continued growth in the major local revenue sources such as income taxes.

In the statement of net assets and the statement of activities, the Village is divided into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, street maintenance and repair, recreation and parks. Income taxes finance most of these activities. Services provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities. The Village has several business-type activities including the provision of water, the collection of refuse and the treatment of sewage. Several industrial areas of the Village are also serviced by the Village's electric and gas utilities. Business-type activities are financed by a fee charged to the customers receiving the service.

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

Fund financial statements provide detailed information about each of the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, the General Obligation Bond Retirement Fund, the Recreation Facility Fund and the Alum Creek/Groveport Road Construction Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has four major enterprise funds: Water, Sewer, Electric, and Gas. When the services are provided to another department of the Village, the service is reported as an internal service fund. The Village does not have any internal service funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**The Village as a Whole**

The following Table provides a summary of the Village's net assets for 2010 compared to 2009 on a cash basis.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

	<b>Net Assets</b>				<b>Table 1</b>	
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
<b>Assets</b>						
Cash and Investments	\$5,830,502	\$3,523,680	\$2,682,612	\$2,267,154	\$8,513,114	\$5,790,834
Total Assets	<u>\$5,830,502</u>	<u>\$3,523,680</u>	<u>\$2,682,612</u>	<u>\$2,267,154</u>	<u>\$8,513,114</u>	<u>\$5,790,834</u>
<b>Net Assets</b>						
Restricted for:						
Capital Projects	\$1,388,003	\$62,584	\$869,369	\$660,063	\$2,257,372	\$722,647
Debt Service	531,146	906,766	329,975	310,150	861,121	1,216,916
Other Purposes	479,021	660,063	-	-	479,021	660,063
Unrestricted	<u>3,432,332</u>	<u>1,894,267</u>	<u>1,483,268</u>	<u>1,296,941</u>	<u>4,915,600</u>	<u>3,191,208</u>
Total Net Assets	<u>\$5,830,502</u>	<u>\$3,523,680</u>	<u>\$2,682,612</u>	<u>\$2,267,154</u>	<u>\$8,513,114</u>	<u>\$5,790,834</u>

As mentioned previously, net assets of governmental activities decreased \$2,306,822 or 40 percent during 2010. The primary reasons contributing to the overall decrease in the cash balance are as follows:

- The Village experienced continued growth in income tax receipts. Despite the economic slowdown, income tax receipts rose \$458,892.
- Capital Grants and Contributions rose \$1.5 million due to the start of the construction of the Alum Creek Drive/Groveport Road intersection.
- Proceeds of Notes declined as the Village continued to pay down the principal. Interest receipts were lower as rates continued to decrease and the amount available for investment declined.
- Although receipts increased overall by \$1.35 million, disbursements rose \$4.4 million due to the construction of the OAC and the beginning of the road construction.

The cash balance of Business-Type Activities decreased over \$400,000 from 2009 to 2010 as a result of a \$150,000 increase in receipts compared to a \$500,000 increase in costs. The increase in costs was a result of a significant increase in sewage treatment charges from the City of Columbus and additional demand for electricity.

Table 2 reflects the changes in net assets on a cash basis in 2010 compared to 2009 for governmental activities, business-type activities and totals for the Village.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

**Changes in Net Assets**

**Table 2**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2010	2009	2010	2009	2010
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 352,081	\$ 440,700	\$5,401,762	\$5,516,780	\$5,753,843	\$5,957,480
Operating Grants and Contributions	299,574	243,158	-	-	299,574	243,158
Capital Grants and Contributions	-	1,518,208	-	36,941	-	1,555,149
<b>Total Program Receipts</b>	<b>651,655</b>	<b>2,202,066</b>	<b>5,401,762</b>	<b>5,553,721</b>	<b>6,053,417</b>	<b>7,755,787</b>
General Receipts:						
Property Taxes	377,613	173,733	-	-	377,613	173,733
Income Taxes	4,341,789	4,800,681	-	-	4,341,789	4,800,681
Other Taxes	23,822	21,901	-	-	23,822	21,901
Cable Franchise Fees	23,811	24,630	-	-	23,811	24,630
Sale of Notes	1,850,000	1,500,000	-	-	1,850,000	1,500,000
Unrestricted Grants and Entitlements	318,343	300,077	-	-	318,343	300,077
Payments in Lieu of Taxes	-	168,492	-	-	-	168,492
Interest	166,320	82,316	-	-	166,320	82,316
Miscellaneous	180,292	18,260	-	489	180,292	18,749
<b>Total General Receipts</b>	<b>7,281,990</b>	<b>7,090,090</b>	<b>-</b>	<b>489</b>	<b>7,281,990</b>	<b>7,090,579</b>
<b>Total Receipts</b>	<b>7,933,645</b>	<b>9,292,156</b>	<b>5,401,762</b>	<b>5,554,210</b>	<b>13,335,407</b>	<b>14,846,366</b>
Disbursements:						
General Government	1,255,621	1,628,029	-	-	1,255,621	1,628,029
Security of Persons and Property:	1,427,014	1,434,975	-	-	1,427,014	1,434,975
Public Health Services	23,200	23,967	-	-	23,200	23,967
Leisure Time Activities	526,479	669,252	-	-	526,479	669,252
Community Environment	275,056	244,156	-	-	275,056	244,156
Transportation	285,111	257,735	-	-	285,111	257,735
Capital Outlay	296,298	4,778,026	-	-	296,298	4,778,026
Principal Retirement	2,688,141	2,324,965	-	-	2,688,141	2,324,965
Interest and Fiscal Charges	423,656	237,873	-	-	423,656	237,873
Water	-	-	1,090,456	901,650	1,090,456	901,650
Sewer	-	-	956,711	1,239,570	956,711	1,239,570
Electric	-	-	2,188,694	2,800,651	2,188,694	2,800,651
Refuse	-	-	244,905	261,725	244,905	261,725
Gas	-	-	990,872	766,072	990,872	766,072
<b>Total Disbursements</b>	<b>7,200,576</b>	<b>11,598,978</b>	<b>5,471,638</b>	<b>5,969,668</b>	<b>12,672,214</b>	<b>17,568,646</b>
Excess (Deficiency) Before Transfers	733,069	(2,306,822)	(69,876)	(415,458)	663,193	(2,722,280)
Transfers	1,000,000	0	(1,000,000)	0	-	-
<b>Increase (Decrease) in Net Assets</b>	<b>1,733,069</b>	<b>(2,306,822)</b>	<b>(1,069,876)</b>	<b>(415,458)</b>	<b>663,193</b>	<b>(2,722,280)</b>
Net Assets, January 1	4,097,433	5,830,502	3,752,488	2,682,612	7,849,921	8,513,114
<b>Net Assets, December 31</b>	<b>\$5,830,502</b>	<b>\$3,523,680</b>	<b>\$2,682,612</b>	<b>\$2,267,154</b>	<b>\$8,513,114</b>	<b>\$5,790,834</b>

Program receipts represent twenty four percent of total receipts and are primarily comprised of restricted intergovernmental receipts and charges for services. Shared motor vehicle license and gas tax receipts are used for general street maintenance and repair while specific grants are restricted for the construction of the Alum Creek Drive/Groveport Road intersection. Charges for services include building permits and inspection fees as well as registration fees and concession sales associated with the Village's youth athletic programs.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

General receipts represent over seventy-five percent of the Village's total receipts. The vast majority of these dollars (other than the annual reissuance of a short-term note) comes from the Village's 2% income tax. The other general receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. Security of Persons and Property are the costs of police protection; Public Health Services represent the costs of membership in the District Board of Health; Leisure Time Activities report the costs of the athletic programs as well as the money spent maintaining the parks and playing fields; the Community Environment classification represents the costs of planning and zoning, engineering and inspections as well as the building permit process; and Transportation presents the cost of maintaining the roads.

General Government, Leisure Time Activities and Capital Outlay all increased from 2009. The increase in the General Government program represents payments of over \$330,000 to the Quandel Group (the primary contractor) for construction work on the OAC. Leisure Time Activities increased as the Village assumed sponsorship of the Zucchini Festival for the first time in many years. The increase in Capital Outlay reflects the construction of the OAC and the beginning of work on the Alum Creek Drive/Groveport Road intersection.

**Governmental Activities**

If you look at the Statement of Activities on page 13, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Government, Security of Persons and Property and Capital Outlay which in 2010 accounted for 14, 12 and 41 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided primarily by local taxpayers. These net costs are paid from the general receipts of the Village which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	<b>Governmental Activities</b>		<b>Table 3</b>	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2010	2010
General Government	\$1,255,621	\$1,137,923	\$1,628,029	\$1,628,029
Security of Persons and Property	1,427,014	1,415,231	1,434,975	1,325,486
Public Health Services	23,200	23,200	23,967	23,967
Leisure Time Activities	526,479	427,635	669,252	501,060
Community Environment	275,056	141,097	244,156	119,254
Transportation	285,111	(4,260)	257,735	(42,940)
Capital Outlay	296,298	296,298	4,778,026	3,279,218
Principal Retirement	2,688,141	2,688,141	2,324,965	2,324,965
Interest and Fiscal Charges	423,656	423,656	237,873	237,873
<b>Total Expenses</b>	<b>\$7,200,576</b>	<b>\$6,548,921</b>	<b>\$11,598,978</b>	<b>\$9,396,912</b>

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

The dependence upon income tax receipts is apparent as over 80 percent of governmental activities are supported through general receipts.

**Business-type Activities**

The business-type activities of the Village are significant and include water, sewer, refuse, gas and electric. Water is provided from the Village water plant and, when additional supply is needed, through purchases from the City of Columbus. The Village maintains its own sewer lines but does not operate a sewage treatment facility. This service is provided under a contract with Columbus. Refuse service is provided under contract with a private hauler.

Most properties in the Village receive electricity and gas from major public utilities. There are, however, three industrial areas which are provided electricity and gas through lines owned by the Village. The Village purchases the electricity and gas and then resells them to the companies which occupy these industrial sites.

**The Village's Funds**

**Governmental Funds**

The fund balance of the Governmental Funds decreased \$2.3 million in 2010, the result of a \$1.5 million decrease in the General Fund and a \$974,000 decrease in the Recreation Facility Capital Projects Fund. General Fund receipts were up \$454,000 due to an increase in income taxes; General Fund disbursements increased \$494,000 due to an increase in General Government for OAC construction costs and in Leisure Time Activities for the Zucchini Festival. The primary reason for the decline in the fund balance of the General Fund was a \$2 million transfer to the Recreation Facility Fund for the construction of the OAC. \$2,974,000 was spent from the Recreation Facility Fund for the OAC construction during 2010.

**Enterprise Funds**

The Village has four major enterprise funds: water, sewer, gas and electric. Enterprise funds are financed primarily through monthly user fees charged to customers. These fees are mainly used to pay for day-to-day operations, although a portion of each month's sewer and water collections is allocated toward paying debt service payments on amounts borrowed from the Ohio Water Development Authority. The water and sewer funds also receive tap fees and capacity charges paid by new customers when they first connect to the system. These charges are limited to paying for infrastructure maintenance and construction. The money set-aside for debt service and for infrastructure improvements is presented as restricted on the financial statements.

The Village owns and maintains its own water lines and operates a small water plant whose supply is supplemented with purchases from the City of Columbus. The Village owns its own sewer lines but does not own a sewage treatment facility. This service is provided under contract with the City of Columbus.

The water and sewer funds are currently in need of additional cash to be supplied by a rate increase with a planned effective date of January 1, 2012. Net assets of the Water Fund dropped \$57,205 in 2010; this decrease would have been larger but almost \$91,000 of water payments due to the City of Columbus were postponed until 2011. Net assets of the Sewer Fund decreased \$411,478. \$85,000 of sewer payments was postponed until 2011. The City of Columbus charges the Village a fee for sewage treatment and a surcharge based on an estimate of the area of the Village that is impervious to water. The surcharge will be used by Columbus to address run-off during storms that infiltrates the City's sewage treatment system and causes overflows. The City increased the quarterly surcharge during 2010 from \$7,900 to \$53,000

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

and has indicated that the new rate will be consistently charged on future invoices. The Village hired RCAP to perform a rate study and will be implementing their recommendations beginning in 2012.

The gas and electric funds do not serve the entire Village. Village customers are primarily limited to the Creekside and Centerpoint industrial parks. The Village purchases electricity and gas and then resells them to its customers. In 2010, both funds continued to be financially stable. In 2010, the amount of delinquent electric bills grew. The Village is working to ensure that invoices are collected timely.

**General Fund Budgeting Highlights**

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

For 2010, final budgeted receipts were the same as original budgeted receipts. The difference between final budgeted receipts and actual receipts was about \$298,000. Income taxes and charges for services exceeded conservative estimates and the Village received \$50,000 in unanticipated contributions for the Zucchini Festival. Interest receipts declined due to lower rates and less money to invest and permits were down due to a decline in construction activity. Differences between final and actual disbursements were all positive and were generally spread among all programs. The Village was cautious during 2010 to ensure that the fund balance did not decline beyond the large drop caused by the funding of the OAC.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently report capital assets and infrastructure. Capital asset information is maintained and utilized for insurance purposes. Village infrastructure is documented through a geographic information system (GIS). The GIS currently includes Village roads as well as water, storm water and sewer lines. Information needed to add gas and electric lines to the system is being developed.

**Debt**

The Village's debt consists of a short-term note issued for road improvements, general obligation bonds issued for the construction of the Village administration building, tax increment financing (TIF) revenue bonds, and OWDA and OPWC loans used for infrastructure improvements. The following presents the balances of these obligations as of December 31, 2008, 2009 and 2010.

	2008	2009	2010
Obligation	Balance	Balance	Balance
Short-term Note	\$2,200,000	\$1,850,000	\$1,500,000
General Obligation Bonds	3,790,000	3,595,000	3,390,000
Bond Anticipation Note	5,735,000	5,625,000	5,505,000
OWDA Loans			
Sewer	711,724	645,333	574,879
Water	405,650	367,810	327,655
OPWC Loans	192,151	185,266	164,610
Abatement Payments	1,213,565	1,037,309	859,803

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

The Village issued the TIF revenue bonds to finance infrastructure improvements that facilitated the development of an industrial park within the Village. The Village and the developer of the property entered into a tax increment financing agreement that waived any property taxes associated with improvements to the property made by the developer but required payments in lieu of taxes to be made directly to the Village. These payments are to be used to pay the principal and interest on the bonds. To the extent the payments are insufficient to satisfy the debt service requirements, the developer is responsible for the balance. In 2010, \$71,802 in payments in lieu of taxes were collected and sent to the paying agent to be used to pay TIF bond principal. The remaining principal and interest payments were made by the developer.

In addition to the obligations listed above, the Village makes settlement payments to two school districts and two townships to reimburse them for a reduction in property tax receipts caused by an abatement granted to certain properties by the Village. These payments vary from year to year as the values of the properties for tax purposes are updated and tax rates change. The liability reported in the list is an estimate based on prior year payments. These annual payments will continue through 2015.

For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

#### **Current Issues**

The Obetz athletic club opened on December 20, 2010. This \$3,900,000 facility was not financed through the issuance of bonds. The cash needed to pay for the facility was transferred from the General Fund and the Gas and Electric utility funds. The number of memberships now exceeds 440 and continues to grow.

The study performed by RCAP confirmed the need for substantial increases in water and sewer rates. The Administration has reviewed the study and plans to present its recommendations to Council before year-end. It is anticipated that a rate increase will go into effect early in 2012.

The Internal Revenue Service had notified the Village of a pending \$372,000 charge for unpaid federal taxes withheld from employee paychecks and for penalties and interest resulting from the late filing of informational reports in 2004 and 2005. The Village provided documentation confirming the timely payment of the required taxes and settled this issue for \$11,867.

As part of the creation of a Community Reinvestment Area, the Village entered into an agreement with the Hamilton Local School District to share a portion of the increased income tax receipts generated from the employees in one of the new buildings in the Area. Payments are supposed to have been made annually, but a review of Village records indicates that no payments have been made. The Village is currently researching the issue to determine the amount owed the District.

The Village is reviewing the outstanding bonds on the municipal building to determine if the bonds should be refinanced.

#### **Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Pete Sorem, Finance Director, Village of Obetz, 4175 Alum Creek Drive, Obetz, Ohio 43207.

**VILLAGE OF OBETZ, FRANKLIN COUNTY**

*Statement of Net Assets - Cash Basis*

*December 31, 2010*

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 3,523,680	\$ 2,267,154	\$ 5,790,834
Total Assets	<u>\$ 3,523,680</u>	<u>\$ 2,267,154</u>	<u>\$ 5,790,834</u>
<b>Net Assets:</b>			
Restricted for:			
Capital Projects	\$ 62,584	\$ 660,063	\$ 722,647
Debt Service	906,766	310,150	1,216,916
Other Purposes	660,063	-	660,063
Unrestricted	1,894,267	1,296,941	3,191,208
Total Net Assets	<u>\$ 3,523,680</u>	<u>\$ 2,267,154</u>	<u>\$ 5,790,834</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF OBETZ, FRANKLIN COUNTY**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2010

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Security of Persons and Property	\$ 1,434,975	\$ 89,749	\$ 340	\$ 19,400	\$ (1,325,486)	\$ -	\$ (1,325,486)
Public Health Services	23,967	-	-	-	(23,967)	-	(23,967)
Leisure Time Activities	669,252	116,687	51,505	-	(501,060)	-	(501,060)
Community Environment	244,156	124,902	-	-	(119,254)	-	(119,254)
Transportation	257,735	109,362	191,313	-	42,940	-	42,940
General Government	1,628,029	-	-	-	(1,628,029)	-	(1,628,029)
Capital Outlay	4,778,026	-	-	1,498,808	(3,279,218)	-	(3,279,218)
Debt Service:							
Principal	2,324,965	-	-	-	(2,324,965)	-	(2,324,965)
Interest	237,873	-	-	-	(237,873)	-	(237,873)
<i>Total Governmental Activities</i>	<u>11,598,978</u>	<u>440,700</u>	<u>243,158</u>	<u>1,518,208</u>	<u>(9,396,912)</u>	<u>-</u>	<u>(9,396,912)</u>
<b>Business Type Activities</b>							
Water Operating	901,650	830,565	-	13,391	-	(57,694)	(57,694)
Sewer Operating	1,239,570	804,541	-	23,550	-	(411,479)	(411,479)
Electric Operating	2,800,651	2,680,396	-	-	-	(120,255)	(120,255)
Refuse Operating	261,725	243,188	-	-	-	(18,537)	(18,537)
Gas Operating	766,072	958,090	-	-	-	192,018	192,018
<i>Total Business Type Activities</i>	<u>5,969,668</u>	<u>5,516,780</u>	<u>-</u>	<u>36,941</u>	<u>-</u>	<u>(415,947)</u>	<u>(415,947)</u>
<i>Total Primary Government</i>	<u>\$ 17,568,646</u>	<u>\$ 5,957,480</u>	<u>\$ 243,158</u>	<u>\$ 1,555,149</u>	<u>\$ (9,396,912)</u>	<u>\$ (415,947)</u>	<u>\$ (9,812,859)</u>
<b>General Receipts</b>							
Property Taxes					\$ 173,733	\$ -	\$ 173,733
Municipal Income Taxes					4,800,681	-	4,800,681
Other Taxes					21,901	-	21,901
Cable Franchise Fees					24,630	-	24,630
Grants and Entitlements not Restricted to Specific Programs					300,077	-	300,077
Payments in Lieu of Taxes					168,492	-	168,492
Sale of Notes					1,500,000	-	1,500,000
Earnings on Investments					82,316	-	82,316
Miscellaneous					18,260	489	18,749
<i>Total General Receipts</i>					<u>7,090,090</u>	<u>489</u>	<u>7,090,579</u>
Change in Net Assets					(2,306,822)	(415,458)	(2,722,280)
<i>Net Assets Beginning of Year</i>					<u>5,830,502</u>	<u>2,682,612</u>	<u>8,513,114</u>
<i>Net Assets End of Year</i>					<u>\$ 3,523,680</u>	<u>\$ 2,267,154</u>	<u>\$ 5,790,834</u>

See accompanying notes to the basic financial statements

**VILLAGE OF OBETZ, FRANKLIN COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2010*

	<u>General</u>	<u>General Obligation Bond Retirement</u>	<u>Recreation Facility</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 1,894,267	\$ 647,848	\$ 26,313	\$ 955,252	\$ 3,523,680
Total Assets	<u>\$ 1,894,267</u>	<u>\$ 647,848</u>	<u>\$ 26,313</u>	<u>\$ 955,252</u>	<u>\$ 3,523,680</u>
<b>Fund Balances:</b>					
Reserved:					
Reserved for Encumbrances	\$ 293,724	\$ -	\$ -	\$ 6,818	\$ 300,542
Unreserved:					
Undesignated, Reported In:					
General Fund	1,600,543	-	-	-	1,600,543
Special Revenue Funds	-	-	-	653,245	653,245
Debt Service Funds	-	647,848	-	258,918	906,766
Capital Projects Funds	-	-	26,313	36,271	62,584
Total Net Assets	<u>\$ 1,894,267</u>	<u>\$ 647,848</u>	<u>\$ 26,313</u>	<u>\$ 955,252</u>	<u>\$ 3,523,680</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF OBETZ, FRANKLIN COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

	General	General Obligation Bond Retirement	Recreation Facility	Alum Creek Groveport Road Construction	Other Governmental Funds	Total
<b>Receipts</b>						
Property and Other Local Taxes	\$ 220,264	\$ -	\$ -	\$ -	\$ -	\$ 220,264
Municipal Income Taxes	4,080,681	480,000	-	-	240,000	4,800,681
Payment of Lieu of Taxes	-	88,673	-	-	79,819	168,492
Intergovernmental	300,077	-	-	1,498,808	211,053	2,009,938
Special Assessments	28,745	-	-	-	-	28,745
Charges for Services	63,814	-	-	-	59,088	122,902
Fines, Licenses and Permits	142,206	-	-	-	146,846	289,052
Earnings on Investments	72,230	-	-	-	10,086	82,316
Contributions	51,505	-	-	-	-	51,505
Miscellaneous	18,009	251	-	-	-	18,260
<b>Total Receipts</b>	<b>4,977,531</b>	<b>568,924</b>	<b>-</b>	<b>1,498,808</b>	<b>746,892</b>	<b>7,792,155</b>
<b>Disbursements</b>						
Current:						
Security of Persons and Property	1,432,959	-	-	-	2,016	1,434,975
Public Health Services	23,967	-	-	-	-	23,967
Leisure Time Activities	583,816	-	-	-	85,436	669,252
Community Environment	244,156	-	-	-	-	244,156
Transportation	84,201	-	-	-	173,534	257,735
General Government	1,628,029	-	-	-	-	1,628,029
Capital Outlay	279,654	-	2,973,687	1,498,808	25,877	4,778,026
Debt Service:						
Principal Retirement	177,507	1,725,656	-	-	421,801	2,324,964
Interest and Fiscal Charges	11,307	226,566	-	-	-	237,873
<b>Total Disbursements</b>	<b>4,465,596</b>	<b>1,952,222</b>	<b>2,973,687</b>	<b>1,498,808</b>	<b>708,664</b>	<b>11,598,977</b>
Excess of Receipts Over (Under) Disbursements	511,935	(1,383,298)	(2,973,687)	-	38,228	(3,806,822)
Other Financing Sources (Uses)						
Sale of Notes	-	1,500,000	-	-	-	1,500,000
Transfers In	-	-	2,000,000	-	50,000	2,050,000
Transfers Out	(2,050,000)	-	-	-	-	(2,050,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,050,000)</b>	<b>1,500,000</b>	<b>2,000,000</b>	<b>-</b>	<b>50,000</b>	<b>1,500,000</b>
Net Change in Fund Balances	(1,538,065)	116,702	(973,687)	-	88,228	(2,306,822)
Fund Balances Beginning of Year	3,432,332	531,146	1,000,000	-	867,024	5,830,502
Fund Balances End of Year	<u>\$ 1,894,267</u>	<u>\$ 647,848</u>	<u>\$ 26,313</u>	<u>\$ -</u>	<u>\$ 955,252</u>	<u>3,523,680</u>

See accompanying notes to the basic financial statements

**VILLAGE OF OBETZ, FRANKLIN COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund*

*For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 268,000	\$ 268,000	\$ 220,264	\$ (47,736)
Municipal Income Taxes	3,800,400	3,800,400	4,080,681	280,281
Intergovernmental	213,100	213,100	300,077	86,977
Special Assessments	-	-	28,745	28,745
Charges for Services	10,500	10,500	63,814	53,314
Fines, Licenses and Permits	222,000	222,000	142,206	(79,794)
Earnings on Investments	150,000	150,000	72,230	(77,770)
Contributions	500	500	51,505	51,005
Miscellaneous	15,500	15,500	18,009	2,509
<i>Total receipts</i>	<u>4,680,000</u>	<u>4,680,000</u>	<u>4,977,531</u>	<u>297,531</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	1,644,900	1,566,304	1,452,575	113,729
Public Health Services	-	25,000	23,967	1,033
Leisure Time Activities	534,950	687,699	591,597	96,102
Community Environment	390,300	372,611	298,965	73,646
Transportation	192,350	192,350	84,200	108,150
General Government	1,513,068	1,970,502	1,770,171	200,331
Capital Outlay	884,150	761,771	349,031	412,740
Debt Service:				
Principal Retirement	177,507	177,507	177,507	-
Interest and Fiscal Charges	11,307	11,307	11,307	-
<i>Total Disbursements</i>	<u>5,348,532</u>	<u>5,765,051</u>	<u>4,759,320</u>	<u>1,005,731</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(668,532)</u>	<u>(1,085,051)</u>	<u>218,211</u>	<u>1,303,262</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(2,000,000)	(2,050,000)	(2,050,000)	-
Advances In	-	10,000	-	(10,000)
Other Financing Uses	(123,550)	(23,550)	-	23,550
<i>Total Other Financing Sources (Uses)</i>	<u>(2,123,550)</u>	<u>(2,063,550)</u>	<u>(2,050,000)</u>	<u>13,550</u>
<i>Net Change in Fund Balance</i>	<u>(2,792,082)</u>	<u>(3,148,601)</u>	<u>(1,831,789)</u>	<u>1,316,812</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>2,764,369</u>	<u>2,764,369</u>	<u>2,764,369</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>667,963</u>	<u>667,963</u>	<u>667,963</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 640,250</u>	<u>\$ 283,731</u>	<u>\$ 1,600,543</u>	<u>\$ 1,316,812</u>

See accompanying notes to the basic financial statements

**VILLAGE OF OBETZ, FRANKLIN COUNTY**

*Statement of Net Assets - Cash Basis*

*Proprietary Funds*

*December 31, 2010*

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Sewer Operating	Electric Operating	Gas Operating	Non-Major Enterprise Funds	
<b>Assets</b>						
Equity in Pooled Cash and Investments	\$ 1,056,542	\$ 231,464	\$ 413,730	\$ 442,558	\$ 122,860	\$ 2,267,154
Total Assets	<u>\$ 1,056,542</u>	<u>\$ 231,464</u>	<u>\$ 413,730</u>	<u>\$ 442,558</u>	<u>\$ 122,860</u>	<u>\$ 2,267,154</u>
<b>Net Assets:</b>						
Restricted for:						
Capital Projects	\$ 543,770	\$ 116,293	\$ -	\$ -	\$ -	\$ 660,063
Debt Service	285,987	24,163	-	-	-	310,150
Unrestricted	226,785	91,008	413,730	442,558	122,860	1,296,941
Total Net Assets	<u>\$ 1,056,542</u>	<u>\$ 231,464</u>	<u>\$ 413,730</u>	<u>\$ 442,558</u>	<u>\$ 122,860</u>	<u>\$ 2,267,154</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF OBETZ, FRANKLIN COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2010*

	Water Operating	Sewer Operating	Electric Operating	Gas Operating	Non-Major Enterprise Funds	Total Enterprise Funds
<b>Operating Receipts</b>						
Charges for Services	\$ 843,956	\$ 828,092	\$ 2,680,396	\$ 958,090	\$ 243,188	\$ 5,553,722
Other Operating Receipts	489	-	-	-	-	489
<i>Total Operating Receipts</i>	<u>844,445</u>	<u>828,092</u>	<u>2,680,396</u>	<u>958,090</u>	<u>243,188</u>	<u>5,554,211</u>
<b>Operating Disbursements</b>						
Personal Services	160,590	36,590	55,075	36,979	-	289,234
Employee Fringe Benefits	86,325	-	-	-	-	86,325
Contractual Services	398,436	1,001,081	2,724,063	712,929	261,726	5,098,235
Supplies and Materials	61,178	4,383	500	-	-	66,061
Other	-	18,264	-	-	-	18,264
<i>Total Operating Disbursements</i>	<u>706,529</u>	<u>1,060,318</u>	<u>2,779,638</u>	<u>749,908</u>	<u>261,726</u>	<u>5,558,119</u>
<i>Operating Income (Loss)</i>	137,916	(232,226)	(99,242)	208,182	(18,538)	(3,908)
<b>Non-Operating Receipts (Disbursements)</b>						
Capital Outlay	(132,455)	(69,304)	(21,013)	(16,164)	-	(238,936)
Principal Payments	(40,156)	(70,454)	-	-	-	(110,610)
Interest and Fiscal Charges	(22,510)	(39,494)	-	-	-	(62,004)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(195,121)</u>	<u>(179,252)</u>	<u>(21,013)</u>	<u>(16,164)</u>	<u>-</u>	<u>(411,550)</u>
<i>Change in Net Assets</i>	(57,205)	(411,478)	(120,255)	192,018	(18,538)	(415,458)
<i>Net Assets Beginning of Year - Restated</i>	<u>1,113,747</u>	<u>642,942</u>	<u>533,985</u>	<u>250,540</u>	<u>141,398</u>	<u>2,682,612</u>
<i>Net Assets End of Year</i>	<u>\$ 1,056,542</u>	<u>\$ 231,464</u>	<u>\$ 413,730</u>	<u>\$ 442,558</u>	<u>\$ 122,860</u>	<u>\$ 2,267,154</u>

See accompanying notes to the basic financial statements

**VILLAGE OF OBETZ, FRANKLIN COUNTY**

*Statement of Fiduciary Net Assets - Cash Basis*

*December 31, 2010*

	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 462,326
Total Assets	<u>\$ 462,326</u>
<b>Net Assets:</b>	
Restricted for:	
Other Purposes	\$ 462,326
Total Net Assets	<u>\$ 462,326</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

**Note 1 – Reporting Entity**

The Village of Obetz, (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected, six-member Council. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water, sewer, refuse, gas and electric utilities, maintenance of Village roads and bridges, park and recreation operations, and police services.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

The Village has no component units.

**C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools**

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village is associated with two organizations which are defined as jointly governed organizations. These organizations are the Big Walnut Community Improvement Corporation (CIC) and the Obetz Convention and Visitor's Bureau (CVB), which are presented in Note 12 to the basic financial statements.

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). Generally accepted accounting principles include all relevant Governmental

## VILLAGE OF OBETZ, FRANKLIN COUNTY

### Notes to the Financial Statements

For the Year Ended December 31, 2010

---

Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. 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 Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

#### Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. 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 type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal service. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

#### B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

that are restricted as to use. The funds of the Village are divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village has four major governmental funds, the General Fund, the General Obligation Bond Retirement Fund, the Recreation Facility Fund, and the Alum Creek Groveport Road Construction Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The General Obligation Bond Retirement Fund is used to account for tax proceeds restricted to satisfy general debt obligations of the Village. The Recreation Facility Fund is used to account for proceeds restricted to the construction of the Obetz athletic club. The Alum Creek Groveport Road Construction Fund is used to account for proceeds restricted to the redesign and reconstruction of the Alum Creek Drive and Groveport Road intersection. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. All of the Village's proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has four major enterprise funds:

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

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

Electric Operating Fund - This fund receives charges for services from businesses and developers to cover the cost of providing this utility.

Gas Operating Fund - This fund receives charges for services from businesses and developers to cover the cost of providing this utility.

Agency Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency funds account for court monies received and disbursed to the Village, State and County, and for monies placed on deposit that will be used for permits related to engineering and civil reviews on new construction for residential and commercial properties.

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.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all operating funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Investments". Investments are valued at cost or amortized cost.

During 2010, the Village invested all available funds in a checking account and an investment portfolio.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General fund during 2010 was \$72,230, while interest posted to other funds within the Village totaled \$10,086.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. During 2010 Restricted Net Assets represent \$2,599,626 of a total Net Assets of \$5,790,834. The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are recorded as a reduction of the disbursement.

**Note 3 – 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 Receipts, Disbursements and Changes in Fund 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 difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). During 2010 the encumbrances outstanding at year end (budgetary basis) amounted to \$293,724 for the general fund.

**Note 4 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

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

Interim deposits are deposits 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.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

5. Certificates of deposit shall be purchased only from commercial banks or domestic savings and loans covered by the Federal Deposit Insurance Corporation. The Clerk must have Depository Agreement with bank to make such purchase;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio) as long as it has the highest rating provided by at least one nationally recognized rating service.

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.

Deposits

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. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the ORC, is held in single financial institution collateral pools at Federal Reserve Bank, or at member banks of the federal reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at a Federal Reserve Bank in the name of the Village.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

The Village had investments of \$4,479,781 at the end of 2010.

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

	Carrying Value	Maturity
FNMA	\$ 370,148	1,429 (1)
Money Market	4,109,633	Daily
Total Portfolio	\$ 4,479,781	

(1) Weighted Maturity-Days

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

*Credit Risk* – The Village's investments in FNMA securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

*Custodial Credit Risk* – The Village's investments at year end 2010 in FNMA securities in the amount of \$370,148 are uninsured and unregistered with securities held by the counterparty's trust department or agent in the Village's name.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

*Concentration of Credit Risk* – The Village places no limit on the amount the Village may invest in one issuer. Of the Village's total investments at year end 2010, 8% are FNMA and 92% are Money Markets.

**Note 5 – Income Taxes**

The Village levies a 2 percent income tax whose proceeds are placed into the General Fund, General Obligation Bond Retirement Fund and the Westside Road Improvement Project Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Individual taxpayers, whose only income is subject to withholding by employers and whose employers file a final return annually, are not required to file a final annual return. Individual taxpayers, whose only income is subject to withholding by employers and whose employers do not file a final return annually, are required to file a final annual return. Corporations are required to pay their estimated tax at least quarterly and file a final return annually.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010 on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. The State has created certain reductions in real property taxes in the form of rollbacks and exemptions. The State reimburses the Village for the receipts lost due to these reductions. These reimbursements are reported as Intergovernmental receipts on the financial statements.

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 on December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

2010 tangible property taxes are levied after October 1, 2009, on the value as of December 31, 2009. Collections are made in 2010. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 was 12.5 percent. This was reduced to 6.25 percent for 2008, and zero for 2009 and beyond. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due 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 communications companies, and railroads. The tax on general business and railroad property was eliminated for calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is being 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 2006-2010, the Village was fully reimbursed by the State for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

The full tax rate for all Village operations for the years ended December 31, 2010, was \$1.70 per \$1,000 of assessed value. 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.

**Note 7 – Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 (latest information available).

	2010	2009
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Village’s share of these unpaid claims collectible in future years is approximately \$47,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

<b><u>Contributions to PEP</u></b>	
<b><u>2010</u></b>	<b><u>2009</u></b>
<b><u>\$50,854</u></b>	<b><u>\$48,897</u></b>

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

There has been no significant reduction in coverage in relation to the prior fiscal year. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

**Note 8 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. The Village participates only in the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional plan. 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, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

The 2010 member contribution rates were 10.0% for members in state and local classifications. Public safety and law enforcement members contributed 10.5% and 11.1% respectively. The 2010 employer contribution rate for state and local employers was 14.00% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2010 was 17.87%. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional plan for the years ended December 31, 2010, 2009, and 2008 were \$191,984, \$182,535, and \$190,595 respectively. The full amount has been contributed for all years.

All benefits are established by legislature pursuant to Ohio Revised Code Chapter 145. Members are eligible for retirement benefits at age 60 with 5 years or 60 contributing months of service credit, age 55 with 25 or more years of service credit, or at any age with 30 or more years of service credit. The annual benefit is based on final average salary, multiplied by a specific percentage based on service and type of plan. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Upon reaching minimum retirement age, benefits are vested at the time of eligibility for monthly benefits.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

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

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 information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary, while the Village is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Village's contributions to the Fund for firefighters were \$161,167 for the year ended December 31, 2010, \$189,922 for the year ended December 31, 2009, and \$107,374 for the year ended December 31, 2008. The full amount has been contributed for all years.

**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pensions plan; the Member Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple employer defined benefit pension plan.

OPERS provides retirement, disability, survivor and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage. In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plan must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the Village's contribution rate was 14.00% of covered payroll for 2010. The employer contribution included 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010 to fund health care for the year. The Ohio Revised Code provides the statutory authority to require public employers to fund post retirement health care through their contributions to OPERS.

On September 9, 2004 the OPERS Retirement board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures the OPEBS's health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Under the HCPP, retirees for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care option that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

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

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement 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. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 24 percent of covered payroll, of which 6.75 percent of covered payroll was applied to the postemployment health care program during 2010. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

**Note 10 – Debt**

The change in the Village's long-term obligations for the year ended December 31, 2010 was as follows:

	Interest Rate	Balance at 1/1/2010	Increase	Decrease	Balance at 12/31/2010	Due Within One Year
OWDA Loan #3006	6.12%	\$ 367,810	\$ -0-	\$ 40,156	\$ 327,654	\$ 40,592
OWDA Loan #3007	6.12%	645,333	-0-	70,454	574,879	70,333
OPWC Loan #CC909	0%	162,766	-0-	18,781	143,985	12,520
OPWC Loan #CT10H	0%	22,500	-0-	1,875	20,625	1,250
General Obligation Bonds 2001	2.55%	3,595,000	-0-	205,000	3,390,000	205,000
TIF Revenue Bond 2007	1.9-5.25%	5,625,000	-0-	120,000	5,505,000	120,000
Bond Anticipation Note 2009	2.375%	1,850,000	-0-	1,850,000	-0-	-0-
Bond Anticipation Note 2010	2.25%	-0-	1,500,000	-0-	1,500,000	250,000
Hamilton Township (Fire Truck)	4.60%	138,210	-0-	25,187	113,023	26,358
Madison Township (Fire Truck)	3.97%	131,892	-0-	24,365	107,527	25,333
Hamilton Local School District	0%	200,991	-0-	50,755	150,236	51,381
Groveport Madison Local School District	0%	<u>566,216</u>	<u>-0-</u>	<u>77,200</u>	<u>489,016</u>	<u>77,373</u>
Total		<u>\$ 13,305,718</u>	<u>\$ 1,500,000</u>	<u>\$ 2,483,773</u>	<u>\$12,321,945</u>	<u>\$880,140</u>
Payments made by Huntington Bank (Developer)				<u>(48,198)</u>		
Total Village Principal Payments				<u>\$ 2,435,575</u>		

The Ohio Water Development Authority (OWDA) loans relates to the construction of water and sewer lines at the Creekside Industrial Park. The loans will be repaid in semiannual installments over 16 years. These loans are collateralized by water and sewer receipts.

The Ohio Public Works Commission (OPWC) loans relate to engineering costs for the widening of Alum Creek Drive. These loans will be repaid in semiannual installments of \$6,886 over 20 years. These loans are collateralized by the full faith and credit of the Village.

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

In 2001, General Obligation Bonds totaling \$5,000,000 were issued to construct and equip a municipal building. The bonds are being repaid over 20 years, including interest. The bonds are secured by the full faith and credit of the Village.

At December 31, 2010 the Village had a Tax Increment Financing (TIF) Revenue Bond with outstanding balance of \$5,505,000 at 3.75% to construct and widen Toy Road. The Project was completed by a Developer, and the Village of Obetz. **The Village's responsibility for this debt is limited to any payments in lieu of taxes collected on the abated property.** Any shortage between the amount collected and the amount due is to be paid by the Developer. The Developer was required to post a Letter of Credit, upon which the Developer may draw to satisfy the debt obligation. The Letter of Credit was issued by Huntington Bank. During the year ended December 31, 2010 the Village collected and remitted to Huntington Bank \$71,802. The amount required to service this debt for the year ending December 31, 2010 was \$254,848. The remaining amount of \$183,046 was paid from the Letter of Credit issued by Huntington Bank.

The Village also has a note with an outstanding balance of \$1,500,000 at 2.25% for various construction projects within the Village. The note is backed by the full faith and credit of the Village. The Village has the authority to issue bonded debt to retire this issue.

The Village settled a lawsuit with Groveport Madison Local Schools, Hamilton Local Schools, Madison Township and Hamilton Township. The lawsuit alleged that the Village unlawfully modified the Community Reinvestment Area and Agreement to the detriment of the Schools and Townships. The Village, while not admitting to any wrongful acts, agreed to pay Groveport Madison Local Schools and Hamilton Local Schools, each year the amount the school districts would have received had no exemptions been issued. Payments continue until the County Auditor certifies that no residential dwelling is receiving an exemption. However the future amounts due can be adjusted for modifications to the either school district's property tax millage. The Village also agreed to pay the note and interest for the purchase of fire trucks for each Township. The total amount paid to each township shall not exceed \$25,000 per year for ten years plus interest.

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

Year	OWDA loans	OPWC loans	General Obligation Bonds	School Districts and Townships	TIF Bonds
2011	\$ 172,614	\$ 13,771	\$ 385,913	\$ 188,815	\$ 325,309
2012	172,614	13,771	385,913	188,815	331,856
2013	172,614	13,771	385,913	188,815	330,264
2014	172,614	13,771	385,913	188,815	330,165
2015	172,614	13,771	385,913	127,955	335,340
2016-2020	258,920	68,853	1,931,515	-0-	1,551,742
2021-2025	-0-	25,031	786,020	-0-	1,763,244
2026-2030	-0-	1,871	-0-	-0-	1,845,105
2031-2034	-0-	-0-	-0-	-0-	1,548,690
Totals	<u>\$1,121,990</u>	<u>\$164,610</u>	<u>\$4,647,100</u>	<u>\$ 883,215</u>	<u>\$8,361,715</u>

VILLAGE OF OBETZ, FRANKLIN COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

---

**Note 11 – Interfund Transfers**

During 2010 the Village made the following transfer:

From:	General Fund	\$ <u>2,000,000</u>
To:	Recreation Facility Fund	\$ <u>2,000,000</u>
From:	General Fund	\$ <u>50,000</u>
To:	Athletics & Concessions Fund	\$ <u>50,000</u>

The Village made the above transfers in accordance with the Ohio Revised Code.

**Note 12 – Jointly Governed Organizations**

The Big Walnut Community Improvement Corporation (CIC) is a not-for profit corporation formed for the purpose of promoting economic development within the Village. The CIC is governed by a seven member board which includes the Mayor, Council President Pro Tem and Administrator of the Village. The primary asset of the CIC is a building; the CIC’s primary revenue is rent from a lease of the building to the Columbus Crew Soccer Team.

The Obetz Convention and Visitor’s Bureau (CVB) is governed by a seven member board which includes the Mayor, Council President Pro Tem and Administrator of the Village. The CVB receives half of the lodging tax levied by the Village which is to be used for the promotion and marketing of the region in which the Village is located.

**Note 13 – Prior Period Fund Adjustment**

The Village had a prior period fund balance adjustment to the following funds:

Fund	Fund Balance 12/31/2009	Prior Period Adjustment	Fund Balance, Restated 1/1/2010
Water Operating Fund	\$ 1,123,681	\$ (9,934)	\$ 1,113,747
Sewer Operating Fund	633,008	9,934	642,942

Adjustments necessary due to mis-postings between funds that were discovered after the 2009 audit was completed.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS

Village of Obetz, Franklin County  
4975 Alum Creek Drive  
Obetz, Ohio 43207

To the Village Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Obetz, Franklin County (the Village) as of and for the year ended December 31, 2010, and have issued our report thereon dated December 28, 2011, wherein we noted the Village followed the cash basis of accounting, a comprehensive accounting basis 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village'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's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements 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 was not designed to identify all deficiencies in internal control over financial reporting 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.

### Compliance and Other Matters

As part of reasonably assuring whether the Village'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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Charles E. Harris". The signature is written in a cursive, slightly slanted style.

*Charles E. Harris & Associates, Inc.*  
December 28, 2011

**VILLAGE OF OBETZ  
FRANKLIN COUNTY**

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

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2009-VOFC-001	Contrary to <b>Ohio Rev. Code §5705.36</b> ; the Village did not amend certificates of estimated resources to prevent available resources reduce below current level of appropriation.	Yes	No longer valid.
2009-VOFC-002	Various accounting transactions, related to debt, investment, and intergovernmental receipts were incorrectly recorded and reported in the annual financial reports.	Yes	No longer valid.



# Dave Yost • Auditor of State

VILLAGE OF OBETZ

FRANKLIN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 29, 2012