

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2008 and 2007

DOROTHY WILCOX, CLERK/TREASURER



Mary Taylor, CPA

Auditor of State

Members of Council and Mayor
Village of Ostrander
224 E. High Street
Ostrander, Ohio 43082

We have reviewed the *Independent Auditor's Report* of the Village of Ostrander, Delaware County, prepared by Julian & Grube, Inc., for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Ostrander is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 2, 2009

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**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Members of Council and Mayor
Village of Ostrander
224 E. High Street
Ostrander, OH 43082

We have audited the accompanying financial statements of the Village of Ostrander, Delaware County, Ohio, as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village of Ostrander'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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Village prepared these financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

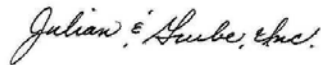
Revisions to GAAP would require the Village of Ostrander to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While the Village of Ostrander does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village of Ostrander has elected not to reformat its statements. Since the Village of Ostrander does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Ostrander, as of December 31, 2008 and 2007, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Ostrander, Delaware County, Ohio, as of and for the years ended December 31, 2008 and 2007, and its combined cash receipts and cash disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

The aforementioned revision to generally accepted accounting principles also requires the Village of Ostrander to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village of Ostrander has not represented Management's Discussion and Analysis which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2009, on our consideration of the Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
April 22, 2009

**VILLAGE OSTRANDER
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2008 AND 2007

<u>Cash and Cash Equivalents</u>	2008	2007
Cash and Cash Equivalents	\$ 489,160	\$ 468,307
Total Cash and Cash Equivalents	\$ 489,160	\$ 468,307
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 2,024	\$ 19,866
Special Revenue Fund	30,325	31,844
Total Governmental Funds	32,349	51,710
 <u>Proprietary Fund Type:</u>		
Enterprise Funds	456,811	416,597
Total Fund Balances	\$ 489,160	\$ 468,307

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 13,287	\$ -	\$ -	\$ 13,287
Intergovernmental	20,336	53,597	343,474	417,407
Fines, licenses, and permits	2,500	-	-	2,500
Interest	2,155	60	-	2,215
Miscellaneous	120	-	-	120
Total cash receipts	38,398	53,657	343,474	435,529
Cash disbursements:				
Current:				
Security of persons and property	11,978	-	-	11,978
Public health services	483	-	-	483
Community environment	13,468	-	-	13,468
Transportation	-	28,036	-	28,036
General government	24,600	-	-	24,600
Capital outlay	-	32,851	343,474	376,325
Total cash disbursements	50,529	60,887	343,474	454,890
Total cash receipts over/(under) cash disbursements	(12,131)	(7,230)	-	(19,361)
Other financing receipts/(disbursements):				
Operating transfers in	-	5,711	-	5,711
Operating transfers out	(5,711)	-	-	(5,711)
Total other financing receipts/(disbursements)	(5,711)	5,711	-	-
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(17,842)	(1,519)	-	(19,361)
Cash fund balances, January 1, 2008	19,866	31,844	-	51,710
Cash fund balances, December 31, 2008	\$ 2,024	\$ 30,325	\$ -	\$ 32,349

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 87,547
Tap fees	36,600
Total operating cash receipts	124,147
Operating cash disbursements:	
Personal services	22,132
Contractual services	30,907
Supplies and material	8,246
Capital outlay	5,583
Total operating cash disbursements	66,868
Operating income/(loss)	57,279
Nonoperating cash receipts/(disbursements):	
Special assessments	8,886
Debt service:	
Principal	(12,127)
Interest	(13,824)
Total nonoperating cash receipts/(disbursements)	(17,065)
Net cash receipts over/(under) cash disbursements	40,214
Cash fund balances, January 1, 2008	416,597
Cash fund balances, December 31, 2008	\$ 456,811

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

VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

Fund Types	Receipts					Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2008 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2008 Appropriations	Total	Actual 2008 Disbursements	Encumbrances Outstanding at 12/31/08		Total
Governmental:												
General	\$ 19,866	\$ 57,990	\$ 77,856	\$ 38,398	\$ (19,592)	\$ -	\$ 65,976	\$ 65,976	\$ 56,240	\$ -	\$ 56,240	\$ 9,736
Special Revenue	31,844	32,144	63,988	59,368	27,224	-	61,420	61,420	60,887	-	60,887	533
Capital Projects	-	352,444	352,444	343,474	(8,970)	-	343,474	343,474	343,474	-	343,474	-
Proprietary:												
Enterprise	416,597	161,200	577,797	133,033	(28,167)	-	301,000	301,000	92,819	-	92,819	208,181
Total	468,307	603,778	1,072,085	574,273	(29,505)	-	771,870	771,870	553,420	-	553,420	218,450

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 11,112	\$ -	\$ -	\$ 11,112
Intergovernmental	37,865	30,098	195,764	263,727
Charges for services	18	-	-	18
Fines, licenses, and permits	9,922	-	-	9,922
Interest	2,628	181	-	2,809
Miscellaneous	8	-	-	8
Total cash receipts	<u>61,553</u>	<u>30,279</u>	<u>195,764</u>	<u>287,596</u>
Cash disbursements:				
Current:				
Security of persons and property	29,469	-	-	29,469
Public health services	458	-	-	458
Community environment	20,292	-	-	20,292
Transportation	-	106,975	-	106,975
General government	32,757	-	-	32,757
Capital outlay	-	18,047	195,764	213,811
Total cash disbursements	<u>82,976</u>	<u>125,022</u>	<u>195,764</u>	<u>403,762</u>
Total cash receipts over/(under) cash disbursements	<u>(21,423)</u>	<u>(94,743)</u>	<u>-</u>	<u>(116,166)</u>
Other financing receipts/(disbursements):				
Operating transfers in	-	95,000	-	95,000
Operating transfers out	(95,000)	-	-	(95,000)
Total other financing receipts/(disbursements)	<u>(95,000)</u>	<u>95,000</u>	<u>-</u>	<u>-</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(116,423)	257	-	(116,166)
Cash fund balances, January 1, 2007	<u>136,289</u>	<u>31,587</u>	<u>-</u>	<u>167,876</u>
Cash fund balances, December 31, 2007	<u>\$ 19,866</u>	<u>\$ 31,844</u>	<u>\$ -</u>	<u>\$ 51,710</u>

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 84,349
Tap fees	30,500
Miscellaneous	101
Total operating cash receipts	114,950
Operating cash disbursements:	
Personal services	17,990
Contractual services	82,781
Supplies and material	3,779
Total operating cash disbursements	104,550
Operating income/(loss)	10,400
Nonoperating cash receipts/(disbursements):	
Special assessments	6,128
Debt service:	
Principal	(11,663)
Interest	(14,565)
Total nonoperating cash receipts/(disbursements)	(20,100)
Net cash receipts over/(under) cash disbursements	(9,700)
Cash fund balances, January 1, 2007	426,297
Cash fund balances, December 31, 2007	\$ 416,597

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

VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

Fund Types	Receipts			Disbursements					Variance Favorable (Unfavorable)			
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2007 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2007 Appropriations	Total		Actual 2007 Disbursements	Encumbrances Outstanding at 12/31/07	Total
Governmental:												
General	\$ 136,289	\$ 63,432	\$ 199,721	\$ 61,553	\$ (1,879)	\$ -	\$ 177,558	\$ 177,558	\$ 177,976	\$ -	\$ 177,976	\$ (418)
Special Revenue	31,587	121,501	153,088	125,279	3,778	-	148,250	148,250	125,022	-	125,022	23,228
Capital Projects	-	195,764	195,764	195,764	-	-	195,764	195,764	195,764	-	195,764	-
Proprietary:												
Enterprise	426,297	115,468	541,765	121,078	5,610	-	298,500	298,500	130,778	-	130,778	167,722
Total (Memorandum Only)	\$ 594,173	\$ 496,165	\$ 1,090,338	\$ 503,674	\$ 7,509	\$ -	\$ 820,072	\$ 820,072	\$ 629,540	\$ -	\$ 629,540	\$ 190,532

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Ostrander, Delaware County, Ohio, (the “Village”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including sewer utility.

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

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

Governmental Fund Types

General Fund

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

Special Revenue Fund

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

The Village had the following special revenue fund:

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

Capital Projects Fund

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

The Village had the following significant capital projects funds:

Community Development Block Grant Fund - This fund uses proceeds of pass-through grants for storm sewer and road repair construction improvements from Delaware County.

Issue II Fund - This fund uses proceeds of pass-through grants for storm sewer and road repair construction improvements from Ohio Public Works Commission.

Proprietary Fund Type

Enterprise Funds

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges.

The Village had the following significant enterprise fund:

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

B. BASIS OF ACCOUNTING

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

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the object level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council. The Village had several budget modifications throughout the years ended December 31, 2008 and 2007.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates. Delaware County waived this requirement for 2008 and 2007.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

Appropriations:

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

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 2008 and December 31, 2007. The Village did not use the encumbrance method of accounting.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$2,215 and \$2,809 for the years ended December 31, 2008 and 2007, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

F. INTERGOVERNMENTAL REVENUES

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

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund.

The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

NOTE 3 - COMPLIANCE

- i.* The Village did not properly certify expenditures for the years ended December 31, 2008 and 2007 in noncompliance with Ohio Revised Code Section 5705.41(D).
- ii.* Contrary to Ohio Revised Code Section 5705.36(A)(4), the Village had appropriations in excess of actual resources at December 31, 2008.

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 4 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the Village's operating transfers during 2008 and 2007:

<u>2008</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 5,711
<u>Special Revenue Fund:</u>		
Street Construction, Maintenance, & Repair	<u>5,711</u>	<u>-</u>
Total Special Revenue Fund	<u>5,711</u>	<u>-</u>
Total	<u>\$ 5,711</u>	<u>\$ 5,711</u>
<u>2007</u>		
General Fund	\$ -	\$ 95,000
<u>Special Revenue Fund:</u>		
Street Construction, Maintenance, & Repair	<u>95,000</u>	<u>-</u>
Total Special Revenue Fund	<u>95,000</u>	<u>-</u>
Total	<u>\$ 95,000</u>	<u>\$ 95,000</u>

All transfers made in years 2008 and 2007 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 5 - CASH AND CASH EQUIVALENTS

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

	<u>2008</u>	<u>2007</u>
Deposits:		
Demand deposits	<u>\$ 489,160</u>	<u>\$ 468,307</u>
Total Cash and Cash Equivalents	<u>\$ 489,160</u>	<u>\$ 468,307</u>

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 6 - PROPERTY TAX

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

In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory. This percentage was reduced to 12.5% for 2007, 6.25% for 2008, and will be zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 7 - DEBT OBLIGATIONS

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

<u>Description</u>	<u>Balance at 12/31/08</u>	<u>Balance at 12/31/07</u>
1993 Ohio Water Development Authority (OWDA) note for sewer system, due in semi-annual installments of varying amounts through 2017, bearing interest at 6.00%.	\$ 80,843	\$ 87,495
1992 United States Department of Agriculture (USDA) Rural Development, Sanitary Sewer System Mortgage Revenue Bonds, due in annual installments of varying amounts through 2032, bearing interest at 5.625%.	<u>131,400</u>	<u>136,875</u>
Total debt obligations	<u>\$ 212,243</u>	<u>\$ 224,370</u>

Transactions for the years ended December 31, 2008 and 2007 are summarized as follows:

	<u>Balance at 01/01/08</u>	<u>Proceeds</u>	<u>Principal Retirement</u>	<u>Balance at 12/31/08</u>
<u>2008</u>				
1993 OWDA	\$ 87,495	\$ -	\$ (6,652)	80,843
1992 USDA	<u>136,875</u>	<u>-</u>	<u>(5,475)</u>	<u>131,400</u>
Total	<u>\$ 224,370</u>	<u>\$ -</u>	<u>\$ (12,127)</u>	<u>\$ 212,243</u>
	<u>Balance at 01/01/07</u>	<u>Proceeds</u>	<u>Principal Retirement</u>	<u>Balance at 12/31/07</u>
<u>2007</u>				
1993 OWDA	\$ 93,683	\$ -	\$ (6,188)	\$ 87,495
1992 USDA	<u>142,350</u>	<u>-</u>	<u>(5,475)</u>	<u>136,875</u>
Total	<u>\$ 236,033</u>	<u>\$ -</u>	<u>\$ (11,663)</u>	<u>\$ 224,370</u>

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 7 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2008 are as follows:

Year Ending December 31,	OWDA NOTE		USDA BONDS	
	Principal	Interest	Principal	Interest
2009	\$ 3,446	\$ 2,950	\$ 5,475	\$ 7,391
2010	7,410	5,418	5,475	7,083
2011	7,966	4,899	5,475	6,775
2012	8,562	4,342	5,475	6,467
2013	9,205	3,742	5,475	6,159
2014 - 2018	44,254	8,027	27,375	26,178
2019 - 2023	-	-	27,375	18,478
2024 - 2028	-	-	27,375	10,779
2029 - 2032	-	-	21,900	3,080
Total	<u>\$ 80,843</u>	<u>\$ 29,378</u>	<u>\$ 131,400</u>	<u>\$ 92,390</u>

The Village's initial loan with OWDA was at 7.50%. Effective January 1, 2004, OWDA wrote down the loan to 6.0%. Credit enhancements for the years ended December 31, 2008 and December 31, 2007 were \$477 and \$508, respectively. The amortization schedule above reflects the Village's future liability at the reduced 6.0% interest rate.

NOTE 8 - DEBT COVENANT

The Village's USDA mortgage revenue bond debt covenant requires the Village to create a separate fund to maintain one year's debt payment of principal and interest. This money may be used with permission by USDA to cover maintenance costs. As of December 31, 2008, the Village Council has earmarked and placed in a Sewer Sinking Fund \$50,000 for this purpose.

NOTE 9 - RETIREMENT SYSTEM

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 9 - RETIREMENT SYSTEM - (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. OPERS' members contributed 10.0% and 9.5% for 2008 and 2007, respectively, of their gross salaries. The Village contributed an amount equal to 14.0% and 13.85%, respectively, of participants' gross salaries for 2008 and 2007. The Village has paid all required contributions as of December 31, 2008 and 2007.

NOTE 10 - RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures with A-VII or better rated carriers, except for a 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2007, and 2006 (the latest information available):

	2007	2006
Assets	\$ 11,136,455	\$ 9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	\$ 6,862,902	\$ 6,290,528

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 11 - CONTINGENT LIABILITIES

The Village is not currently involved in litigation.



Julian & Grube, Inc.
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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Members of Council and Mayor
Village of Ostrander
224 E. High Street
Ostrander, OH 43082

We have audited the financial statements of the Village of Ostrander, Delaware County, Ohio, as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 22, 2009, wherein we noted the Village of Ostrander followed accounting practices the Auditor of State prescribes rather 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 Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Ostrander's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Ostrander's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Ostrander's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Ostrander's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village of Ostrander's financial statements that is more than inconsequential will not be prevented or detected by the Village of Ostrander's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Ostrander's internal control.

Members of Council and Mayor
Village of Ostrander

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Ostrander's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2008-VOO-001 and 2008-VOO-002.

We noted certain matters that we reported to management of the Village of Ostrander in a separate letter dated April 22, 2009.

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

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



Julian & Grube, Inc.
April 22, 2009

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2008-VOO-001

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Village does not certify expenditures.

Without certification, the Village may expend more funds than available in the Treasury, in the process of collection or the funds appropriated. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to lessen the risk that monies expended are not lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using “Then” and “Now” certificates where applicable.

Client Response: The Clerk/Treasurer is attempting to create and utilize the purchase order system.

Finding Number	2008-VOO-002
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Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, 2008, the Village had appropriations greater than actual resources, in the following fund:

	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$ 58,264	\$ 65,976	\$ 7,712

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOO-002 - (Continued)

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

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

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-VOO-001	Ohio Revised Code Section 5705.41 (D) requiring that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached.	No	Repeated as finding 2008-VOO-001.
2006-VOO-002	Significant Deficiency - Monitoring Controls: Appropriate financial reports were not provided to Village Council to provide effective monitoring of financial operations.	Partially Corrected	Finding now located in Management Letter



Mary Taylor, CPA
Auditor of State

VILLAGE OF OSTRANDER

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 16, 2009